



Agenda Item No: 3.b

PLACENTIA CITY COUNCIL AGENDA REPORT

Meeting Date: September 2, 2025

Submitted by: Joe Lambert

From: Development Services

Subject:

Study Session discuss Short-Term Residential Rentals Citywide; and Consideration of an Optional Interim Urgency Ordinance Placing a Moratorium on New Short Term Residential Rental Permits

Financial Impact:

Fiscal Impact:

Potential for approximately \$236,000 in revenue annually from Transient Occupancy Tax based on FY24-25 actuals.

Summary:

On July 23, 2019, City Council adopted Ordinance No. O-2019-06 to establish Short Term Residential Rentals as a permitted use in Residential Zones citywide. Previous to adoption of the O-2019-06 establishing regulations related to Short-Term Rentals (STRs), the Placentia Municipal Code (PMC) was “silent” on the matter. Adoption of the Ordinance allowed the City to regulate these properties to ensure that all Short-Term rentals are accounted for in City records, and that no property operating as a Short-Term rental creates adverse impacts to surrounding residential neighborhoods. Since that time, the STR program has been utilized citywide, generating significant revenue. Conversely, STR’s have also brought up some concerns, which is the purpose of this Study Session.

Recommendation:

Recommended Actions: It is recommended that the City Council take the following actions:

1. Receive and file the Staff Report and presentation; and
2. Provide direction to Staff as appropriate regarding proposed changes to local regulations related to local regulations related to Short Term Residential Rentals, if any.

Optional Recommendation:

1. Adopt Interim Urgency Ordinance O-2025-07, An Interim Urgency Ordinance of the City of Placentia, California Establishing a Moratorium on Short-Term Rental Permits Pursuant to Government Code Section 65858.

Strategic Plan Statement:

This item is consistent with the City Council approved 5-Year Strategic Goal to:

Promote Community and Economic Development (Goal 3), as this item has directly resulted in generating approximately \$236,000 in Transient Occupancy Tax (TOT) in FY24-25, additive to revenues collected for four additional Fiscal Years beginning in FY20-21. Also, Objective Number 3.3 of Goal 3 is to continue to recruit and attract retail, hotel and other commercial businesses that complement adjacent City assets and attractions. Although not necessarily commercial in nature, Short Term Rentals are similar to hotels.

Discussion:

BACKGROUND:

Prior to adoption of Ordinance O-2019-06 on July 23, 2019 establishing regulations related to Short-Term Rentals, the Placentia Municipal Code was “silent” on the matter. However, prior to adoption of local STR regulations, 56 STRs were operating citywide. The adoption of the STR regulations was partially in response to the fact that the Placentia Municipal Code was “silent” on the matter, as that made enforcement of STR prohibition difficult. Therefore, the adoption of local regulations allowed Placentia to establish a screening and permitting process, which also allows the City to cite unlicensed and/or non-compliant STRs. Today, there are 71 STRs operating citywide.

Prior to the adoption of the Ordinance in 2019, there was one STR in particular that was causing impacts to the surrounding neighborhood. Since adoption of local STR regulations, that particular STR left the City and no further violations occurred. At this time, there is one active nuisance-related STR Code Enforcement case in which the property owner was very recently cited for sidewalk obstruction, noise and parking violations. Prior to that, there have been eight properties that have received Code Enforcement violations related to Code violations. This does not include violations sent to STRs for operating without a license.

The City’s STR monitoring provider (Avenu) alerted Staff to a resident complaint, and the next working day, the property owner was cited and fined. The City has collaborated with Avenu since 2025 in identifying and managing STRs operating within the City, previous to that time, we utilized Host Compliance. Overall, Staff feels that the STR program is successful, in that minimal nuisance violations have occurred since adoption of the Ordinance in 2019. Also, our relatively new STR monitoring partner Avenu, has been providing enhanced service in ensuring code compliance citywide.

DISCUSSION:

Existing STR Regulations

As stated, there is one active nuisance-related STR Code Enforcement case. While for the most part STR operators are good neighbors, there have been some concerns about allowing STRs within residential neighborhoods. Upon thorough research and analysis of STRs, Staff discovered that those STRs that are problematic and cause nuisances to the surrounding neighborhood are properties that advertise via the STR websites as available for hosting events such as weddings, corporate events, and birthday parties. To protect residential properties from objectionable influences such as undue noise, traffic, and parking impacts, and ensure the continued residential character of the zone, the 2019 Ordinance addressed these issues by prohibiting short-term rentals for temporary activities. Temporary activities include, but are not limited to, weddings, corporate events, and birthday parties. In addition to compliance with PMC Chapter 10.32 (Noise) and PMC Chapter 23.76 (Noise Control), Staff

has prohibited the use of sound amplification, either inside or outside, of the STR. If an STR operator or renter operates outside of these limits, they will be subject to code enforcement action and administrative citations as outlined by 6.45.170 of the Ordinance, which allows for \$500 and \$1,000 fines for second and subsequent violations.

Section 6.45.120 of the PMC regulates overnight occupancy of STRs to two persons per bedroom with an exception for children under the age of six, who may additionally occupy the premises; and no additional occupants shall be permitted at the STR during the hours of 11:00 p.m. to 6:00 a.m. Any advertisement for an STR that is found to advertise an occupancy above that of two persons per bedroom will be in direct violation of the Municipal Code and will be subject to an administrative citation or possible revocation of their business license and operating permit.

Upon successful registration, the City may issue a Short-Term Residential Rental Operating Permit to the owner of the subject property on a first in time and first in right basis. Notwithstanding any provisions of this Code to the contrary, the City reserves the right to deny a short-term residential rental permit to an applicant if it is determined that the geographic area within a 300-foot radius of the site being considered for registration has an overconcentration of short-term residential rental uses. The Short-Term Residential Rental Operating Permit must be renewed annually to achieve Code compliance.

Notice to Occupants

The owner or managing agency or agent shall provide the responsible person of a short-term residential rental with the following information prior to occupancy of the premises and shall post such information in a conspicuous place within the dwelling on the premises:

- The name of the owner or managing agency or agent and a telephone number at which each may be reached on a seven (7) day per week, twenty-four (24) hour per day basis; and
- Notification of the maximum number of overnight and daytime occupants permitted on the premises, pursuant to this Chapter; and
- Notification of the City's noise standards, as provided in Chapter 23.76 of this Code, as may be amended from time to time; and
- Notification of the parking standards of this Chapter; and
- A copy of this Chapter of the Placentia Municipal Code, as may be amended from time to time; and
- Notification that an occupant may be cited or fined by the City, in addition to any other remedies available at law, for violating any provisions of this Chapter; and
- A copy of the "Good Neighbor Brochure"; and
- The owner or managing agency or agent shall keep on file a signed agreement acknowledging that the responsible person and occupants agree to the general rules summarized in the "Good Neighbor Brochure" and rental contract, including without limitation the immediate termination provision in the rental contract for any violation of the Municipal Code by any occupant.

Survey of Surrounding Jurisdictions that allow Short Term Rentals

City (Population)	Cap	TOT (%)	Occupancy Limit	Notable Regulations
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Placentia (53,395)	No cap	10%	2 per bedroom (children under 6 exempt)	300-ft separation, no outstanding code violations, HOA/Grant Deed authorization if applicable
Buena Park (82,611)	No cap	12%	2 adults per bedroom + 2 extra; children under 18 exempt	No whole-home rentals, owner must live on-site, 1 permit per applicant, initial inspection required
Fullerton (140,054)	100 whole-house (moratorium on new permits)	10%	Not specified	300-ft separation for whole-house rentals, no separation for partial rentals
Orange (137,941)	125 (cap reached)	10%	2 per bedroom + 2 extra	2-night minimum stay, 300-ft separation, 2 properties per owner
Anaheim (344,561)	241 existing (no new permits)	15%	Not specified	Renter must be 21+
La Palma (15,092)	No cap	12%	2 per bedroom, max 10 renters (children over 3 count)	General requirements; parking, occupancy, tot, good neighbor, noise, events, etc. Note: (1) City provides notice of permit issuance and local contact info to property owners within 300-feet of the STR. (2) Specific on advertising/listing requirements
Newport Beach (82,970)	1,550	10%	Maximum permitted by building code and fire code.	Renter must be 25+, City is allowed to inspect, 2-night minimum stay,
Laguna Beach (22,564)	20% of units in commercial and mixed-use districts, 300 city-wide	12%	2 per bedroom	Not allowed in residential districts (R-1,R-2,R-3), exception: Properties with ≤ 5 units are allowed one STR
Seal Beach (24,421)	47, representing about 1% of housing units	12%	2 per bedroom + 2 additional guests (including children)	Permitted only in the Coastal Zone (1% of housing units allowed) , Renter must be 25+, 1 permit per owner

Surrounding Jurisdictions that prohibit Short-Term Rentals

Brea (47,844), Yorba Linda (66,489), Stanton (41,188), Tustin (78,863), Villa Park (5,698), Santa Ana (316,184), and Garden Grove (172,361) are surrounding cities that prohibit Short-Term Rentals.

Potential Enhancements to Existing STR Regulations

- 500-foot radius in lieu of 300-foot radius locational requirement for new STRs (note: current 300-foot radius requirement is not currently an automatic disqualifier)
- Cap on total STRs for instance, 0.5% of 16,979 Placentia housing units = 85 total STRs (Seal Beach uses 1% of total housing units for example)
- Require site plan, floor plan, and inspection, either initially or annually
- Limit 2 STR permits per applicant
- Notice of permit issuance to surrounding properties
- Additional controls regarding parking, parties, and number of occupants (current regulations already address these topics)
- Annual renewal of STR permits (currently in practice for several months)

Optional Moratorium

Staff worked with the City Attorney's office to draft an Urgency Ordinance which if adopted would place a moratorium on new Short Term Residential Rental permits for up to 45 days. Short Term Rentals are addressed in the Zoning Code (Title 23 of the PMC) only in Chapter 23.71.010, which establishes the zones in which STRs are permitted. As discussed, Staff is evaluating potential additional regulations regarding STRs for City Council consideration via Ordinance at a future meeting. Therefore, a Moratorium could be placed on new STRs if City Council finds it necessary.

Regardless of whether a Moratorium is adopted or not, Staff will take City Council direction on the topic of STRs. This may result in Staff returning with a regulatory Ordinance to amend certain STR specific operational and locational regulations in Title 6 (Business Licenses and Regulations) and/or Title 23 (Zoning).

CONCLUSION:

In an effort to properly regulate STRs for the benefit of the residents of Placentia, the Housing, Planning and Economic Development Ad Hoc Committee directed Staff to prepare an ordinance to regulate STRs in 2019. This ensured that all STRs are accounted for in City records, and that no property operating as an STR causes an ongoing nuisance to the surrounding residential community.

If Council desires, Staff recommends adding additional locational and operational regulations regarding STRs to preserve the character of residential neighborhoods citywide. As mentioned in the staff report, there are several options to consider regarding enhanced regulations.

Fiscal Impact Summary:

Anticipated Transient Occupancy Tax (TOT) from 2019 Staff Report

In 2019 Staff anticipated annual net revenue of only \$36,000. However, our actual experience has been much more successful as illustrated in table below.

Transient Occupancy Tax (TOT) Actuals

Fiscal Year	STR Totals	Hotel Totals
FY20-21	\$19,882.33	\$654,971.65
FY21-22	\$82,294.79	\$1,302,975.88
FY22-23	\$105,704.56	\$1,561,971.47
FY23-24	\$186,842.60	\$1,569,834.45
FY24-25	\$236,429.20	\$1,552,994.65
GRAND TOTAL	\$631,153.48	\$6,642,748.10

As demonstrated in the above table, this item has directly resulted in generating approximately \$236,000 in Transient Occupancy Tax (TOT) in FY24-25. The City spends approximately \$10,000 annually for the monitoring services of Avenu, resulting in a FY24-25 net revenue of approximately \$225,000. Based on the above table, STR revenue accounts for approximately 15% of the City's total TOT revenue. Therefore, the \$225,000 of actual annual net revenue far exceeds the originally anticipated annual net revenue of \$31,600.

It should be noted that if STRs are not permitted at all, there will be no revenue captured, and there will be no funds available to hire Host Compliance (or similar vendor) to monitor the City and locate those STRs operating in the City illegally. If STRs are permitted in some fashion, Staff can properly monitor STRs and mitigate any potential negative effects of STRs.

Attachments

[2.O-2025-07 Optional Moratorium STR.docx](#)

[1.Short_Term_Rental_ppt1.pptx](#)