



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
November 19, 2024

TOPIC: Short-Term Rentals

AGENDA TITLE

Public Hearing – Conduct a First Reading and Adopt Ordinance Amendment (OA) No. 2024-04 Repealing and Reenacting in its Entirety Article XXI to Chapter 8 of the Santa Ana Municipal Code (SAMC) Prohibiting Short-Term Rentals (STRs), and Adopt Enhanced Fines for Violations of the Short-Term Rentals Ordinance

Published in the OC Reporter on November 8, 2024.

RECOMMENDED ACTIONS

1. Introduce for first reading an ordinance (OA No. 2024-04) amending the Santa Ana Municipal Code (SAMC) to repeal and reenact in its entirety Article XXI to Chapter 8 of the SAMC prohibiting Short-Term Rentals.

ORDINANCE NO. NS-XXXX entitled AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SANTA ANA, CALIFORNIA, REPEALING AND REENACTING IN ITS ENTIRETY ARTICLE XXI TO CHAPTER 8 OF THE SANTA ANA MUNICIPAL CODE PROHIBITING SHORT-TERM RENTALS

2. Adopt a resolution setting administrative fines for violating provisions of the Santa Ana Municipal Code.

RESOLUTION NO. 2024-XXX entitled A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA ANA SETTING ADMINISTRATIVE FINES FOR VIOLATING PROVISIONS OF THE SANTA ANA MUNICIPAL CODE

3. Find that, in accordance with the California Environmental Quality Act (CEQA), based on the substantial evidence set forth in the record, including but not limited to the General Plan Update Final Program Environmental Impact Report (State Clearinghouse No. 2020029087) and the Addendum prepared for adoption of the proposed Ordinance and Resolution, the project is exempt from further environmental analysis. In the alternative, the adoption of the Ordinance and Resolution is categorically exempt pursuant to State CEQA Guidelines section 15301 – Class 1, Existing Facilities.

GOVERNMENT CODE §84308 APPLIES: No

BACKGROUND AND DISCUSSION

The recommended actions in this staff report will repeal and reenact in its entirety Article XXI to Chapter 8 of the SAMC prohibiting Short-Term Rentals (STRs) and establish enhanced fines for violations of the local short-term rentals ordinance.

On April 2, 2024, the City Council, at a regularly scheduled meeting, adopted an urgency ordinance (Ordinance No. NS-3060) and approved the first reading of a regular ordinance (Ordinance No. NS-3061) prohibiting STRs. On April 16, 2024, the City Council approved the second reading of the regular ordinance prohibiting STRs.

On June 17, 2024, the City was served with a petition for Writ of Mandate by the Santa Ana Short-Term Rental Alliance challenging the City's STR ordinances on grounds including relating to the California Environmental Quality Act (CEQA), Case No. 30-2024-01404861-CU-WM-WJC. ("Writ action.")

To address deficiencies identified by the Writ action, it is recommended that the City Council adopt the draft Ordinance as presented in Exhibit 1 of this report.

Analysis

The proliferation of online vacation rental websites such as Airbnb.com and vrbo.com have encouraged and enabled property owners, tenants, and occupants to rent their local, residential properties on a short-term basis to travelers or transients. These STRs, generally numbering less than 30 days, are often associated with excessive noise, parking problems, trash, and degradation of a neighborhood's residential character.

Data collected from various STR platforms reveals that there are more than 700 STRs currently operating in Santa Ana. These 700 STRs are advertised in 1,760 listings across multiple platforms. Areas like Downtown and its nearby neighborhoods, along with the Hutton Center area, have a higher concentration of these rentals. To put this in perspective, the City's Regional Housing Needs Allocation (RHNA) for 2021-2029 is 3,137 permanent housing units. The 700 short-term rental units represent about 22% of the City's housing needs, diverting a significant portion of available housing away from permanent residents. As a result of the reduction in available housing for permanent residents, the negative secondary effects including, but not limited to, excessive noise, parking problems, and trash, the ordinance is necessary as an emergency measure to preserve the public peace, health, safety, and welfare.

Presently, there are 227 confirmed active cases of STRs that have received enforcement notices and citations. Among these cases, 92 involve owners residing at the same address, while 131 involve properties owned by an LLC, managed by a property management company, or owned by absentee owners. Enforcement efforts in

the City have primarily relied on complaints and proactive notifications to major STR platforms.

STRs are not, and have never been, a permitted use under the City's zoning code. Therefore, STRs have always been prohibited by the City and this ordinance is reaffirming existing policy and practice. However, in response to recent legal developments, this ordinance seeks to amend the Santa Ana Municipal Code (SAMC) to repeal and reenact ordinances prohibiting short-term rentals and expressly prohibit short-term rentals in alignment with the City's current practice.

Resolution Setting Administrative Fines

As part of the recommended actions, staff is also recommending that the City Council adopt a resolution setting administrative fines for violating Santa Ana's Short-Term Rental Ordinance. California Government Code Section 36900 enables local jurisdictions to increase the maximum fines for violations of local short-term rental laws. The proposed resolution would establish fines for violations of local short-term rental laws ranging from:

- \$1,500 for a first violation;
- \$3,000 for a second violation within one year of the first violation; and
- \$5,000 for each additional violation within one year of the first violation.

FISCAL IMPACT

There is no fiscal impact associated with the proposed action.

ENVIRONMENTAL IMPACT

In accordance with the California Environmental Quality Act (CEQA), an addendum to the General Plan Update Environmental Impact Report (State Clearinghouse No. 2020029087) (GPU EIR) has been prepared for the Repeal and Reenactment of the Short-Term Rental Prohibition Ordinance. Under [CEQA Guidelines](#) Section 15164, an addendum to a previously certified EIR shall be prepared when a lead agency is asked to approve modifications to an existing project for which an EIR has already been certified. The addendum (See Exhibit 1) evaluates the proposed project within the context of the GPU EIR and determined that no subsequent environmental review was required. In accordance with State CEQA Guidelines, an addendum to the previously certified GPU EIR will be filed upon adoption of this ordinance.

In the alternative, the adoption of this Ordinance is categorically exempt pursuant to State CEQA Guidelines Section 15301 – Class 1, Existing Facilities. Class 1 consists of the “operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, including negligible or no expansion of existing or former use.”

The Ordinance reaffirms existing policy and practice, prohibiting short-term rentals within the City and the Ordinance would not result in a significant expansion of existing uses or former uses. The operational activities associated with the Ordinance would be

typical of residential development. No development, redevelopment, or change to existing development type in the City is proposed or required to implement the Ordinance.

Further, none of the exceptions to the exemptions set forth under State CEQA Guidelines Section 15300.2 apply. There will be no significant cumulative impact of successive projects of the same type in the same place, over time, as this is the only Ordinance prohibiting short-term rentals. There is no reasonable possibility that the Ordinance will have a significant effect on the environment due to unusual circumstances because it is reaffirming the existing prohibition on short-term rentals. The Ordinance will not result in damage to scenic resources, including but not limited to, trees, historic buildings, rock outcroppings, or similar resources, within a highway officially designated as a state scenic highway, because the Ordinance does not propose any ground-breaking activity or construction, but instead continues the existing ban on short-term rentals. The Ordinance addresses a project type that is not located on a site which is included on any list compiled pursuant to Government Code section [65962.5](#). The Ordinance will not cause a substantial adverse change in the significance of a historical resource. Thus, the Ordinance also falls under the Class 1 categorical exemption, and no further environmental review is required.

EXHIBITS

1. Ordinance for First Reading
2. Resolution
3. Environmental Analysis Pursuant to the California Environmental Quality Act

Submitted By: Minh Thai, Executive Director of Planning and Building Agency

Approved By: Alvaro Nuñez, City Manager