

ORDINANCE NO. 2023-2

AN ORDINANCE OF THE CITY OF LAGUNA HILLS,
CALIFORNIA, ADDING CHAPTER 6-40 (SHORT-TERM
RENTALS) TO TITLE 6 (PUBLIC WELFARE) OF THE
LAGUNA HILLS MUNICIPAL CODE TO PROHIBIT THE
ADVERTISEMENT AND RENTAL OF PROPERTY FOR
SHORT-TERM RENTAL IN ALL RESIDENTIAL ZONES

WHEREAS, short-term rentals (STRs) are a prohibited use under the City's Zoning and Development Code (Title 9 of the Laguna Hills Municipal Code); Section 9-10.050 of the Laguna Hills Municipal Code provides that, "Uses not specified in the master list or within the chapter for each zone are prohibited"; because short-term rentals are not an enumerated use under the Zoning and Development Code, they are prohibited; and

WHEREAS, STRs do not conform with the intended use of dwelling units as defined under the City's Zoning and Development Code; Chapter 9-04 (Definitions) of the Laguna Hills Municipal Code defines "Dwelling unit" as "one or more rooms, designed, occupied, or intended for occupancy as a separate living quarter with cooking, sleeping, and sanitary facilities provided within the dwelling unit for the exclusive use of a single-family housekeeping unit.", and includes in the definition of "Single-family housekeeping unit" the provision that "occupancy of the dwelling unit is stable as opposed to transient"; because STRs constitute transient occupancy of a dwelling unit, they are prohibited; and

WHEREAS, notwithstanding the prohibition against STRs, the City has received numerous noise and neighborhood disturbance complaints and has become aware of various residential properties being rented as STRs over the years and must now directly confirm that their operations in the City are prohibited; and

WHEREAS, the City of Laguna Hills has been monitoring the STR phenomenon since 2016 to determine whether such commercial businesses operating within residential areas and neighborhoods are consistent with the City's vision for residential character and quality of life as reflected in the General Plan pertaining to Respect for Existing Neighborhoods, particularly Policy LU-2.4: Protect existing neighborhoods from the encroachment of incompatible activities and land uses because the City values the character of its existing neighborhoods, as they contribute to the extraordinary quality of life in the City; and Policy N-1.3: Limit future residential and other noise sensitive land uses in areas exposed to high levels of noise / utilize strategies to reduce noise experienced by sensitive uses at the point of reception; and

WHEREAS, the City Council reviewed and discussed the issue of STRs operating as businesses within residential areas, zones, and districts at its regular City Council meetings of June 28, 2022, August 23, 2022, September 27, 2022, and February 28, 2023, and invited interested members of the public to address the City Council on the issue; and

WHEREAS, the conduct of STR business operations within residential areas and neighborhoods presents significant potential for creating negative secondary impacts and unreasonable nuisance conditions on surrounding residential properties related to noise, traffic, safety, parking, etc., and threatens an essential feature that defines the residential neighborhood character (i.e., knowing one's neighbors and developing neighborly relations with them); and

WHEREAS, the potential for further degradation of residential neighborhood character throughout neighborhoods in the City of Laguna Hills due to several surrounding cities already having adopted STR prohibition ordinances or interpreting their municipal codes as prohibiting STRs, including the neighboring cities of Aliso Viejo, Lake Forest, Laguna Niguel, and Irvine, plus others throughout the greater Orange County area, renders those remaining cities in the county that allow STRs "opportunity areas" for expansion of the commercial STR residential business model. It has now become evident that without clarifying the prohibition against STRs and providing for the express prohibition of STRs by the City, the City will become such an "opportunity area," which potentially could result in accelerated and further expansion of numerous STRs within individual residential areas and neighborhoods in the City over time; and

WHEREAS, STRs are associated with well-documented negative secondary impacts which have a detrimental effect on the public health, safety, and general welfare of residential areas and neighborhoods, including but not limited to, additional traffic, excessive noise, disorderly conduct, overcrowding, vandalism, parking problems, accumulation of refuse, crime, and the overall degradation of a neighborhood's residential character and quality; and

WHEREAS, the City has received numerous complaints about nuisance conditions and negative secondary impacts caused by STRs operating in single-family residential neighborhoods; and

WHEREAS, in declaring a housing crisis in the State of California, the Legislature has determined that the lack of housing is a critical problem that threatens the economic, environmental, and social quality of life in California. The City must preserve its available housing stock for residents and long-term renters who contribute to the City's cultural diversity, quality and character of its existing single and multi-family residential neighborhoods, and economic vitality. STRs remove housing stock that could otherwise be made available for traditional rental housing, diminish the inventory in the for-sale housing market, and contribute to the State's declared housing crisis; and

WHEREAS, STRs constitute a commercial use of residential property, similar to other transient lodging accommodation uses such as hotels, motels, and bed and breakfasts. The commercial (non-residential) nature of STRs constitutes an incompatible use within residentially zoned areas and districts, with the potential to create a host of undesirable spillover effects, which ultimately negatively impacts the quality and character of neighborhoods. Although STRs are currently a prohibited use because they are not a specific enumerated use within the City's Zoning and Development Code, this issue of

compatibility between residential and commercial uses is addressed by the existing prohibition of bed and breakfasts and hotel operations in all residentially zoned districts. This ordinance ensures that the separation of commercial business uses and residential uses is clearly maintained within all residential areas, zones, and districts; and

WHEREAS, this ordinance is adopted pursuant to the authority granted by the California Constitution and State law, including but not limited to Article XI, Section 7, of the California Constitution.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LAGUNA HILLS, CALIFORNIA, HEREBY ORDAINS AS FOLLOWS:

SECTION 1. Recitals. The above recitals are true and correct and are incorporated herein by reference.

SECTION 2. Code Adoption. Chapter 6-40 (Short-Term Rentals) is hereby added to Title 6 (Public Welfare) of the Laguna Hills Municipal Code to read in its entirety as follows:

CHAPTER 6-40

SHORT-TERM RENTALS

Sections:

6-40.010 – Intent and Purpose.

6-40.020 – Definitions.

6-40.030 – Prohibitions.

6-40.010 – Intent and Purpose.

The purpose and intent of this Chapter is to prohibit the advertisement for, operation, and/or establishment of short-term rental of any residential dwelling, dwelling unit, or room in a dwelling in all residential areas, zones, and districts of the City of Laguna Hills.

6-40.020 – Definitions.

For purposes of this Chapter, the following words and phrases shall have the meaning set forth below, unless another or different meaning is clearly intended from the context in which the phrase or words are used.

"Advertisement" means any printed or lettered announcement, whether in a magazine, newspaper, handbill, notice, display, billboard, poster, email, Internet website or application, online marketplace, or any other form.

"Short-term rental" shall mean the rental of any residential dwelling, dwelling unit, or room in a dwelling (in whole or in part), accessory structure (in whole or in part), accessory dwelling unit (in whole or in part), and/or a recreational vehicle located upon a parcel or a portion thereof, by owner(s) or lessee(s) to another person or group of people for occupancy, dwelling, lodging, or sleeping purposes in any residential area, zone, or district of the City of Laguna Hills for a period of less than 30 consecutive calendar days. A short-term rental includes any contract or agreement that initially defined the rental term to be greater than 30 consecutive calendar days and which was subsequently amended, either verbally or in writing, to permit the occupant(s) of the owners' or lessees' short-term rental to surrender the subject dwelling unit before the expiration of the initial rental term that results in an actual rental term of less than 30 consecutive calendar days. The rental of rooms or units within city-approved hotels, motels, and bed and breakfasts shall not be considered to be a short-term rental.

6-40.030 – Prohibitions.

- A. It shall be unlawful for any person or entity to offer or make available for rent or to rent (by way of a rental agreement, lease, license, or any other means, whether oral or written), for compensation or any consideration, a short-term rental.
- B. No person or entity shall place or maintain any advertisement for a short-term rental prohibited by this Chapter.
- C. It shall be unlawful for any person or entity to occupy, pursuant to a rental agreement, lease, license, or any other means, whether oral or written, for compensation or any consideration, a short-term rental.

SECTION 3. CEQA Clearance. This ordinance is exempt from the requirements of the California Environmental Quality Act ("CEQA") pursuant to state CEQA guidelines because it is not considered a project (14 Cal. Code Regs. § 15378) and there is no possibility that this ordinance or its implementation would have a significant negative effect on the environment (14 Cal. Code Regs. § 15061(b)(3)).

SECTION 4. Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this ordinance is, for any reason, held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have adopted this ordinance and each section, subsection, subdivision, sentence, clause, phrase, or portion thereof, irrespective of the fact that any one or more section, subsection, subdivision, sentence, clause, phrase, or portion thereof be declared invalid or unconstitutional.

SECTION 5. The City Clerk shall certify to the adoption of this ordinance and cause the same to be posted at the duly designated posting places within the City and published once within fifteen days after passage and adoption as may be required by law; or, in the alternative, the City Clerk may cause to be published a summary of this ordinance and a certified copy of the text of this ordinance shall be posted in the office of

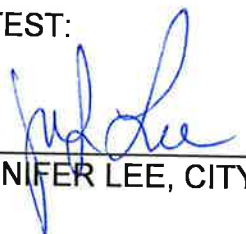
the City Clerk five days prior to the date of adoption of this ordinance; and, within fifteen days after adoption, the City Clerk shall cause to be published the aforementioned summary and shall post a certified copy of this ordinance, together with the vote for and against the same, in the office of the City Clerk.

PASSED, APPROVED, AND ADOPTED this 25th day of April 2023.



JANINE HEFT, MAYOR

ATTEST:



JENNIFER LEE, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

I, Jennifer Lee, City Clerk of the City of Laguna Hills, California, DO HEREBY CERTIFY that the foregoing Ordinance No. 2023-2 was duly introduced and placed upon its first reading at a Regular Meeting of the City Council on the 11th day of April 2023, and that thereafter, said ordinance was duly adopted and passed at a Regular Meeting of the City Council held on the 25th day of April 2023, by the following vote, to wit:

AYES: Council Members Pezold, Sweeney, Mayor Pro Tempore Wheeler, and Mayor Heft

NOES:

ABSENT: Council Member Caskey

ABSTAIN:

(SEAL)



JENNIFER LEE, CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LAGUNA HILLS)

AFFIDAVIT OF POSTING
AND PUBLICATION

JENNIFER LEE, being first duly sworn, deposes and says:

That she is the duly appointed and qualified City Clerk of the City of
Laguna Hills;

That in compliance with State Laws of the State of California,
ORDINANCE NO. 2023-2, being:

AN ORDINANCE OF THE CITY OF LAGUNA HILLS, CALIFORNIA,
ADDING CHAPTER 6-40 (SHORT-TERM RENTALS) TO TITLE 6
(PUBLIC WELFARE) OF THE LAGUNA HILLS MUNICIPAL CODE
TO PROHIBIT THE ADVERTISEMENT AND RENTAL OF
PROPERTY FOR SHORT-TERM RENTAL IN ALL RESIDENTIAL
ZONES

on the 20th day of April 2023, and on the 4th day of May 2023, was published in
summary in the Saddleback Valley News; and was, in compliance with City
Resolution No. 2004-05-25-2, by the 14th day of April 2023, and the 28th day of
April 2023, caused to be posted in three places in the City of Laguna Hills, to wit:

Laguna Hills City Hall
Laguna Hills Community Center
La Paz Center



JENNIFER LEE, CITY CLERK
Laguna Hills, California