

SHORT TERM LODGING

COMMUNITY WORKSHOP-PERMIT HOLDERS

August 4, 2020



PRESENTERS

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WHAT WILL WE COVER

- ▶ OPERATOR REQUIREMENTS
- ▶ WHAT'S NEW
- ▶ RESOURCES
- ▶ AGENT RESPONSIBILITIES
- ▶ TRANSIENT OCCUPANCY TAX
- ▶ CODE ENFORCEMENT VIOLATIONS
- ▶ NOISE DISTURBANCE - DACS & LUGOS
- ▶ NEXT STEPS
- ▶ Q & A SESSION

LICENSING & PERMITTING

The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the right side of the slide, creating a modern, layered effect. The rest of the slide is a plain white background.

STLP CYCLE

**Business
License
Tax Certificate**
Annual Renewal



(TOT)
**Uniform
Transient
Occupancy Tax**
Agents: Billed/Remit
Quarterly
Owners: Billed Annually
Due every October 31st

**Short Term
Lodging
Permit**
Annual Renewal
Due every October 31st

Permit will be closed if there is no activity for 2 consecutive years. Owner may re-apply & reinstate (NBMC 5.95.080(B))



WHAT'S NEW

SHORT TERM LODGING PERMIT APPLICATION & RENEWAL

Number of bedrooms

Gross Floor Area (Floor Area ÷ 200) = Max Occupancy
1400 sq ft home = 7 occupants

Number Of Onsite Parking Spaces

Provide A Nuisance Plan

Certify Review & Confirmation of HOA

Certify Review of all NBMC Regulations & Conditions

Annual Short Term Lodging Renewal Fee

WHAT'S NEW

CONDITIONS

Age 21+

Violations include local, state & federal

Provide copies of NBMC

Provide copies of Good Neighbor Policy

Local Contact= 24 hrs/day; 25 miles; 30 minutes response

Interior Posting (parking, street sweeping, trash collection, notice of no audible sounds from 10:00 p.m.-10:00 a.m, notification re: violations)

Ensure onsite parking spaces are available for the guest

Include on all advertisements (a) City permit # (b) total TOT charged

Residential use Only

Property Inspection Allowed with 7 days Notice

RESOURCES

- ▶ Good Neighbor Policy
- ▶ Interior Posting
- ▶ Municipal Code Violations
- ▶ 24/7 Local Contact Update-Link
- ▶ What's New

SHORT TERM LODGING (RENTALS)



TRANSIENT OCCUPANCY TAX

Agents Responsibilities

- ▶ Representing a new client?
 - ▶ Verify the zoning. Is property located in an R-1 Zone?
 - ▶ Has the property been previously permitted?
 - ▶ Verify that owners Business License is valid.
 - ▶ Verify owner has a valid Short Term Lodging Permit.
 - ▶ Notify the City - Revenue Division
 - ▶ Inform your clients of the annual requirements.
 - ▶ Business Tax, Permit, Reporting the TOT form

Uniform Transient Occupancy Tax

NBMC Section 3.16

For the privilege of occupancy in any hotel, each transient is subject to and shall pay a tax in the amount of ten percent (10%) of the rent charged by the operator

Short Term Lodging Increases City's Need For Services

- TOT provides City funds for services (Fire, Police, Lifeguards, Libraries, Parks, Code Enforcement, more).

<i>(TOT) Transient Tax</i>	9%
<i>+ Visitor Service Fee*</i>	<u>1%</u>
<i>Total TOT Tax</i>	10%

***Newport Beach Conference & Visitor Bureau**

Provides information about the amenities of Newport Beach.



Rent

- ▶ Newport Beach Municipal Code §3.16.020 defines 'Rent'
- ▶ Rent includes base Rent charge plus any applicable fees
- ▶ What is taxable vs What is not taxable
 - ▶ Separate Charges include but not limited to:
 - ▶ Cleaning fees, rental of furniture (rollaway beds, cribs, etc.), linens, towels, smoking upgrade fees, pet upgrade fees, resort fees.§
 - ▶ Advanced/forfeited deposit, cancellation/no show fees, early or late check out/departure fees.
 - ▶ Non taxable fees include:
 - ▶ Damage fees, credit card processing fees, internet charge (if room can be occupied with charge) pet or smoke clean up fees (if room did not request upgrade prior to stay)

Uniform Transient Occupancy Tax

 CITY OF NEWPORT BEACH REVENUE DIVISION 3300 NEWPORT BLVD. - P.O. BOX 1266, NEWPORT BEACH, CA 92658-0126 Contact the Revenue Division at (949) 666-9141 for assistance or email us at revenue@city.newport-beach.ca.us		BUSINESS NUMBER LICENSE NUMBER
		INVOICE NUMBER DUE ON OR BEFORE
UNIFORM TRANSIENT OCCUPANCY TAX - REVISED FORM		
STATEMENT DATE:	FOR REPORTING PERIOD	FROM TO
OWNERS ADDRESS:		PROPERTY ADDRESS:
TOTAL GROSS RENTAL RECEIPTS (collected by owner or non-reporting agent): <small>Include all rents collected for the reporting period noted above. (Less than 31 days)</small>		
UTOT TAX AMOUNT: Multiply line 1 by 10% <small>(Includes 1% for funding of the Visitor Service Fee.)</small>		2
PENALTY and INTEREST <small>Municipal Code § 3.16.070 requires penalties and interest be applied if the operator fails to remit the tax on or before due date.</small>	If payment is made after DUE DATE, multiply line 2 by 10% If payment is made 30 days after DUE DATE, add lines 2 and 3a and multiply by 10% Add lines 3a through 3b. TOTAL PENALTIES: INTEREST: Multiply line 2 by 1% for each month or portion of a month that the tax remains unpaid exclusive of penalties.	3a 3b 3
TOTAL AMOUNT DUE: Add lines 2 through 4.		4
Please write "0" if: a) no taxable rent was collected by you, the owner b) your rental agent collects and remits all fees due to the City or c) your property was not rented for a short term basis during this period.		
		5
		6
<small>Municipal Code § 3.16.070 requires that each UTOT shall be completed and filed with the City of Newport Beach on or before the last day of the month following established reporting period. I declare under penalty of perjury under the law of the state of California that to the best of my knowledge the information provided herein is true and correct.</small>		
OWNER NAME _____ SIGNATURE _____ DATE _____		
MAKE CHECK PAYABLE TO: CITY OF NEWPORT BEACH		

IMPORTANT NOTICE – PLEASE READ

To: Owners of Residential Rental Property

Re: Annual Uniform Transient Occupancy Tax Reporting for Short Term Rentals- Less than 31 days

Period: October 1 2009 to September 30 2010

Enclosed is the reporting form for the property or properties that our records show as being owned by you.

This form is provided to the owners of residential properties on an annual basis and it is required that the owner fill out and return to the City of Newport Beach.

Please do not give this form to your realty agent. They have already been sent a reporting form for your property and are required to report separately from you.

While your rental agent may conduct most business for your property, they are not allowed to fill out and return the enclosed forms for you.

- A reporting form is required for each rental property address owned.
- Owners that have agents handling all of their rental business, as well as the payment of City taxes, are still required to fill out the form and on line 8 insert "0".
- While most agents do remit the occupancy tax on rentals that they have handled for their clients, a few do not. If the realty agent does not pay the occupancy tax on your property, the responsibility falls to the owner to report and remit the correct amount.
- Any forms that reference a property you no longer own should be sent back to us with "no longer own" written on it. Please also reference the date that the house was sold.
- Each form **MUST** be returned to the City of Newport Beach.

Due Date: 10/19/2010:

- Forms not returned to the City will render the property non-compliant and could be issued an Administrative Citation.
- Penalties will be imposed and the short term lodging permit will be subject to revocation per Municipal Code 5.95

Municipal Code 3.16.070
 Each operator shall, on a form provided by the City, make a return of the total rents charged and received, the amount of tax collected for transient occupancies and such other information as the Administrative Services Director may reasonably require. The return shall be made on or before the last day of the month following the close of each calendar quarter.
 Returns are considered made and taxes paid only upon receipt of the tax return and the tax by the City.

If you have any questions regarding this letter or the attached form, please call 949.644.3141.

- ▶ Open upon receipt to ensure all reporting forms are included
- ▶ The owner and/or agent shall collect, report and remit tax timely & accurately.
- ▶ Note any changes on the form (mailing address).
- ▶ Complete each line item on the form
- ▶ If exemptions are claimed, attached exemption form
- ▶ Late payments will be assessed penalties and interest
- ▶ Non-compliance can result in citation under NBMC §5.95.060(A)(4)

Records, Audit Rights & Type of Records

- ▶ Under Newport Beach Municipal Code §3.16.070 (B)
 - ▶ Each return is subject to audit
- ▶ Under Newport Beach Municipal Code §3.16.110
 - ▶ It is the duty of every operator to keep four years of records
- ▶ Records shall include:
 - ▶ Daily summaries of room occupancies, records of each occupancy, rental agreements/reservations, support for claimed exemptions
- ▶ Records may also include:
 - ▶ Accounting records, worksheets for preparing UTOT returns, invoices, receipts, tax returns

MUNICIPAL CODE VIOLATIONS

What We Do

- ◆ Muni Code Enforcement
 - Trash Accumulation and Storage
 - Garage Accessibility
 - R1 Zoning Violations
 - Respond to Public Complaints related to ShortTerm Lodging Units
- ◆ Water Quality Enforcement
 - Runoff from hoses or spouts
 - Water Conservation



Code Enforcement Issues

WASTE & REFUSE ABATEMENT PROGRAM (WRAP)



City of Newport Beach Waste & Refuse Abatement Program

Each year in Newport Beach the amount of trash set out for curbside collection significantly increases during the summer months. Please help keep the city clean and free of loose trash, odors and flies by remembering to follow these simple steps:

- Store trash containers in a garage, trash enclosure, or side yard.
- Make sure garbage bags are durable and securely tied.
- Ensure that trash containers have lids on them at all times.
- Place trash containers out for collection no earlier than 7 p.m. on the day preceding pick up.
- Put trash containers away as soon as possible, but no later than 7 p.m. on collection day.



For more information on refuse collection requirements, visit: www.newportbeachca.gov
Help keep the city clean by reporting spilled or overflowing trash: www5.newportbeachca.gov/quest/

Code Enforcement (cont'd)

Cans must be stored in garage or along side yard (NBMC 6.04.120)



Garages and Carports must be accessible for parking



Code Enforcement (cont'd)

Investigate complaints about properties in R1 Zones

- ▶ Illegal Rental Units
- ▶ Boarding Houses

Follow up on resident complaints

- ▶ Overflowing Trash
- ▶ Cans still out in Alley
- ▶ Loud parties where PD was contacted
- ▶ Required Parking not available



Water Quality

Prohibited discharge is a discharge containing any pollutant, from public or private property to the storm drain system or into any coastal harbor, bay, or the Pacific Ocean

NBMC 14.36.030 No person shall, cause, allow or facilitate any prohibited discharge



No!

No!



What can you do?

- ◆ **Train your employees!**
 - ◆ Cleaning crews and property owners will be held accountable for discharges
 - ◆ Pour cleaning agents into toilet, sink or bath tub
- ◆ Be careful! Drains in yards empty into the street and flow to the bay and ocean



Enforcement



NOTICE OF ADMINISTRATIVE CITATION
CITY OF NEWPORT BEACH
Community Development Department
Code & Water Quality Enforcement

100 Civic Center Drive
Newport Beach, CA 92660
949-644-3215

Citation No : I20-0775A
Date : 07/30/2020
Account No : I20-0775

Name of Owner or Business : RENTAL PROPERTY OWNER
100 CIVIC CENTER DR
NEWPORT BEACH CA 92660

An inspection of premises located at 5223 MAIN ST in the City of Newport Beach, on 07/30/2020 revealed a violation(s) of the Newport Beach Municipal code.

THE NEXT LEVEL CITATION IS NOW PENDING AND YOU MAY BE CITED EACH DAY THE VIOLATION CONTINUES. OTHER ENFORCEMENT ACTION AND PENALTIES MAY ALSO RESULT IF COMPLIANCE IS NOT ACHIEVED OR IF YOU CONTINUE TO IGNORE THIS CITATION.

\$1000 **IS NOW DUE AND PAYABLE** TO CITY OF NEWPORT BEACH

THIS VIOLATION(S) WAS ORIGINALLY BROUGHT TO YOUR ATTENTION ON N/A , AND YOU HAVE NOT CORRECTED OR RESOLVED THE VIOLATION(S)

NEWPORT BEACH MUNICIPAL CODE SECTION(S) / DESCRIPTIONS OF VIOLATION(S)

1: MC 5.95.060, VIOLATIONS/ PENALTIES AND ENFORCEMENT

CORRECTION(S) REQUIRED -

THIS VIOLATION MUST BE CORRECTED ON OR BEFORE 08/05/2020. If the violation is not corrected by the date specified, additional enforcement actions such as administrative citations, administrative penalties, criminal prosecution and/or civil injunction may be utilized to correct this violation(s).

RECEIPT ACKNOWLEDGED BY OR MAILED TO : RENTAL PROPERTY OWNER

DATE : 07/30/2020

PRINT NAME OF OFFICER : Brian Contino

SIGNATURE OF OFFICER

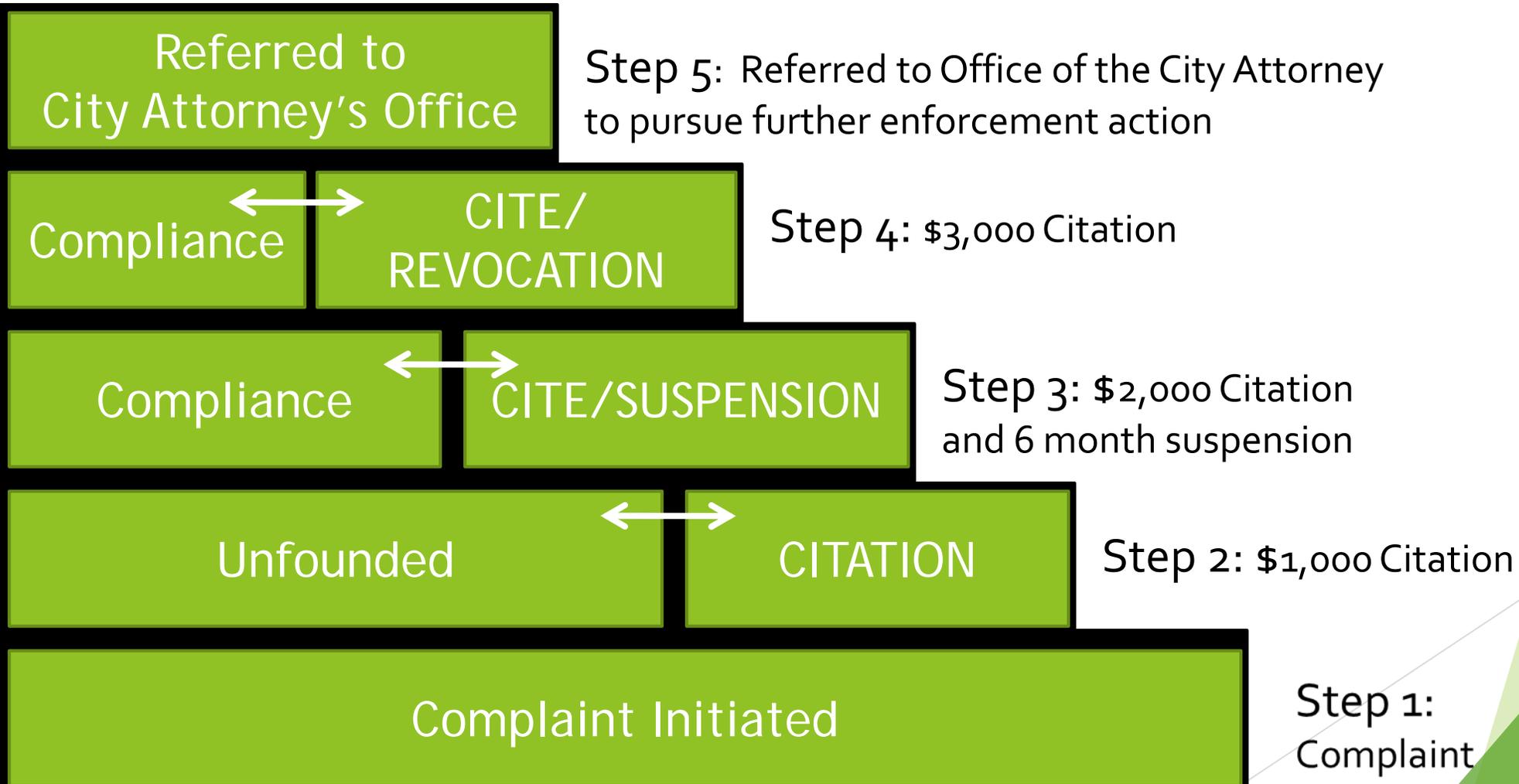
OFFICER ID #

0312

- \$1000
- \$2000
- \$3000



Citation Process



The background features abstract, overlapping geometric shapes in various shades of green, ranging from light lime to dark forest green. These shapes are primarily located on the left and right sides of the slide, framing the central text. The overall aesthetic is clean and modern.

NOISE DISTURBANCES DACS & LUGOS

Disturbance Advisement Card

- ▶ NBMC §10.58.030 - Police Services at Large Parties.
- ▶ Notice of Disturbance.
- ▶ If officers are required to return to restore order and keep the peace, at anytime within a twelve-month period, Civil or Criminal Action may be taken.
- ▶ Host/parent/guardian is liable for \$250.00 fine or higher.

Elements of Loud and Unruly Gathering Ordinance

- ▶ Loud or Unruly Gathering;
- ▶ Consists of eight or more persons;
- ▶ On any private residential property for a social occasion or other activity;
- ▶ Which loud and unruly conduct occurs and results in a nuisance; or
- ▶ A threat to the public health and safety, general welfare, or quiet enjoyment of residential and nearby properties.

Loud or Unruly Gathering

- ▶ Excessive Noise or Traffic
- ▶ Obstruction of public streets by crowds or vehicles;
- ▶ Obstruction of right of way by people or vehicles;
- ▶ Public drunkenness;
- ▶ The service of alcohol to Minors;
- ▶ Possession or consumption of alcohol by Minors;
- ▶ Assaults, batteries, fights, disturbance of the peace;
- ▶ Vandalism;
- ▶ Litter;
- ▶ Urinating or defecating in public.

Responsible Persons

1. Any person(s) who is present at and rents, leases or otherwise is in charge of the residential unit where a loud or unruly gathering occurs; or
2. Any person(s), including any business, company or entity, who organizes or sponsors a loud or unruly gathering; or
3. Any person(s) who attends a loud or unruly gathering and engages in loud or unruly conduct.

If the responsible person is a juvenile, then the parent(s) or guardian(s) of that juvenile shall also be considered a responsible person.

Enforcement

- ▶ Officer responds to the private residence;
- ▶ Observers the Loud or Unruly Gathering violation;
- ▶ Detains Responsible Person(s);
- ▶ Issues Administrative Citation resulting in civil fines;
- ▶ First violation fine is in the amount of \$500;
- ▶ Subsequent Loud or Unruly Gatherings within 90 days results in increased fine amounts;
- ▶ Fines are civil / administrative in nature;
- ▶ Only criminal penalty is if person removes, alters, tampers with, or defaces a posted notice without City permission.

Appeals Process

- ▶ A responsible person who is cited or the owner of the property that has been posted a notice under the proposed Ordinance may appeal the citation or posting.
- ▶ Appeal must be filed in writing within 30 days.
- ▶ Hearing before an Administrative Hearing Officer similar to how City's current administrative citations are handled.
- ▶ Chief of Police may grant appeal to property owner for removal of the LUGO Tag.

NEXT STEPS (for City)

- ▶ Resource Documents
 - Available on the website by 8/13/2020
- ▶ 24/7 Hotline
 - ETA implemented and available by 8/31/2020
- ▶ Outreach to owners
 - Update 24/7 Local Contact
- ▶ Short Term Lodging Fee Study
 - Permit (Annual & Renewal) Fee Update
- ▶ Property Compliance Audits
 - Valid license & permit
 - Outstanding TOT due
- ▶ City Council August 25, 2020-Phase 2

NEXT STEPS (for permit holders)

- ▶ Provide 24/7 local contact to Revenue Division – through Owner Resources tile (NBMC §5.95.045)
- ▶ With permit renewal (due October 31) (NBMC §5.95.030):
 - ▶ Number of bedrooms
 - ▶ Gross floor area
 - ▶ Number of parking spaces available onsite
 - ▶ Nuisance response plan

QUESTIONS?

WHAT IF I HAVE MORE QUESTIONS

- ▶ **Licensing, Permitting, Zoning Qualification:**
 - ▶ Contact Revenue Division at 949-718-1997 or email lodging@newportbeachca.gov
- ▶ **Transient Occupancy**
 - ▶ Contact Revenue Division Antonio Velasco 949-644-3143
- ▶ **Code Enforcement Municipal Code Violations**
 - ▶ Contact Community Development, Code Enforcement 949-644-3215
- ▶ **Illegal Rentals**
 - ▶ Contact Community Development, Code Enforcement 949-644-3215
- ▶ **Issuance of DAC's & LUGOS**
 - ▶ Contact Newport Beach Police Department