



CITY OF
HUNTINGTON BEACH

Travis Hopkins | City Manager

October 24, 2025

Honorable Maria Hernandez
Presiding Judge of the Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

RE: response to Orange County Grand Jury Report, *Long Term Solutions to Short-Term Rentals*

Dear Judge Maria Hernandez,

The City of Huntington Beach has reviewed the Orange County Grand Jury Report, *Long Term Solutions to Short Term Rentals*. In compliance with California Penal Code Sections 933.05(a) and (b), the City has responded to each of the findings and recommendations directed to the City in this report. Each finding and recommendation is listed below, followed by the City's response.

Findings

F1: Despite the increasing media coverage of Online Booking Agencies (OBAS), STRs are not a new phenomenon in Orange County.

The City agrees with this finding.

F2: The steady growth of STR usage in the last decade raises concerns of potential public nuisance.

The City agrees with this finding.

F5: Proactive home inspections of new and renewing STRs, which have been implemented in some Orange County cities, improve code enforcement and STR compliance with city ordinances.

The City agrees with this finding.

F6: Direct remittance of taxes by OBAs does not capture all transient occupancy tax (TOT) for an STR because of direct booking practices.

The City partially disagrees with this finding, noting that the City lacks knowledge and sufficient information to reach this conclusion. The City's STR program does not currently include direct TOT payment from the OBAs.



F7: Some cities in Orange County have outdated systems for tracking short-term rental TOT making the process less effective and more difficult for staff.

The City partially disagrees with this finding, noting while recent improvements have been implemented in Huntington Beach, the City lacks knowledge regarding other Orange County cities.

F8: In some cases, STRs are improperly recharacterized as long-term rentals to circumvent the collection of TOT and any applicable penalties.

The City partially disagrees with this finding, noting that while the City has experienced some instances of improperly characterized STRs, the City is not certain of all the reasons why this may be occurring. The City's new/upgraded monitoring system is helping to address these issues.

F9: Online Booking Agencies in foreign languages are outside the current capabilities of Code Enforcement to monitor and track unpermitted STRs.

The City agrees with this finding.

F10: Cities that fail to routinely review their STR waiting lists potentially lose TOT revenue and contribute to a greater prevalence of unpermitted STRs.

The City disagrees with this finding. The City of Huntington Beach does not have a cap on the number of STRs allowed and, therefore, does not manage a waitlist system.

F11: Locations that have hosted major events have reported an outsized increase in demand and pricing of STRs, a situation Orange County is likely to experience with the upcoming 2026 Los Angeles World Cup and 2028 Los Angeles Olympics.

The City partially disagrees with this finding, noting that the City lacks knowledge and sufficient information to reach this conclusion.

F12: City leaders have no regular communication with each other concerning STR issues, limiting opportunities to develop strategies and expertise to improve service.

The City partially disagrees with this finding, noting that City staff communicates with other jurisdictions to understand their regulatory requirements and enforcement challenges and best practices. The City's Code Enforcement division participates in countywide roundtable meetings on topical code enforcement issues.

Recommendations

R1: Cities should review and begin to update ordinances to keep up with the rapidly changing nature of court findings and legislation related to STRs, by December 31, 2025, and no less frequently than every three years thereafter.

Since implementing the STR program in 2021, the City has updated its ordinance once and has amended the application submittal requirements and form twice. The City is currently considering



updating the STR program and regulatory ordinance and has presented options to the City Council at a study session. The City will continue to monitor the program on an ongoing basis and make amendments to the ordinance as directed by City Council. It should be noted that staffing resources across multiple City departments present an ongoing challenge to monitoring and regularly amending the STR program.

R2: Cities should consider developing a plan for upcoming major events that are expected to create a surge in demand for STRs and its associated Transient Occupancy Tax, by December 31, 2025, and no less frequently than every two years thereafter.

The City is currently considering and planning for various programming opportunities in anticipation of the 2028 Summer Olympics in southern California and would amend the STR program as part of its Olympic programming if directed by the City Council.

R3: Cities that allow STRs should evaluate the benefit of ordinances facilitating Voluntary Collection Agreements requiring OBAs to submit TOT directly, by June 30, 2026.

The City's STR ordinance already allows this, but the City does not have any agreements in place. This has been an ongoing discussion and the City will continue to evaluate the benefit of amending the STR program to determine the feasibility of requiring OBAs to submit TOT directly.

R4: Cities that allow STRs should evaluate the benefit of collecting TOT on a monthly basis by individual property, by June 30, 2026.

Considering the availability of staff resources, collection of TOT on a monthly basis is not feasible for the City at this time. However, the City will review the collection process periodically.

R5: Cities should require STRs to include the number of days rented per month per permit to facilitate short-term rental TOT desk audits by November 30, 2025.

The City's STR ordinance requires hosting platforms to provide the City with the number of days booked for each booking transaction on a monthly basis. The City's new STR monitoring software will enable the City to better track this information. Future amendments to the City's STR ordinance would seek to strengthen this requirement.

R6: Cities with a permit waiting list should implement strategies to remove non-revenue generating licenses to allow for fair access by December 31, 2025, and annually thereafter.

The City does not currently have a cap on the number of STRs permitted and as such, this recommendation would not apply. However, if future amendments to the City's STR program include a cap, the City would implement the recommendation through ordinance amendments.

R7: Cities that allow STRs should consider allocating resources to update their short-term rental TOT tracking systems by September 30, 2026.

This recommendation is currently being implemented.



CITY OF
HUNTINGTON BEACH

R8: Cities that allow STRs should consider random multi-year audits to confirm TOT by June 30, 2026, and annually thereafter.

The City's new monitoring system would provide reports for City staff to review and potentially audit.

R9: City leaders should have regular discussions with each other to share STR management strategies on a biannual basis commencing no later than January 1, 2026.

The City is happy to participate in the implementation of this recommendation and welcomes collaboration with other cities.

Please reach out if you have any questions on the contents of this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "Travis Hopkins", is written over a horizontal line.

Travis Hopkins
City Manager