



Mayor
Scott Voigts

Mayor Pro Tem
Robert Pequeño

Council Members
Doug Cirbo
Mark Tettmer
Benjamin Yu

City Manager
Debra DeBruhl Rose

July 17, 2025

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

SUBJECT: City of Lake Forest Responses to Grand Jury Findings

Dear Judge Hernandez,

This letter is written on behalf of Mayor Scott Voigts and Lake Forest City Council. The City of Lake Forest is in receipt of your request to provide a response to each of the findings in the 2024-2025 Orange County Grand Jury report, Long-Term Solutions to Short-Term Rentals. The City Council reviewed and approved the following response at its July 15, 2025, City Council meeting.

Note: The original Grand Jury findings are repeated below in italics. The City's responses are in bold, with additional explanation and commentary in regular typeface. References to the "City" refer to the City of Lake Forest.

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

The respondent agrees with the finding.

The City acknowledges that STRs (30 days or fewer) have been in existence for decades and have most recently gained popularity through the internet, media coverage and OBAs.

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

The respondent agrees with the finding.

The City does not allow STRs but does allow an owner occupied "Limited Home Rental" for the rental of a person's entire domicile for up to three periods of fewer than 30 consecutive days in a calendar year. Nevertheless, Code Enforcement

receives dozens of complaints monthly that homes are being rented out on a short-term basis and that secondary nuisance activities are occurring.

F3: Even with robust Code Enforcement, a city's statutory ban on STRs is not enough to keep STRs from operating.

The respondent agrees with the finding.

As noted, the City does not allow STRs but allows limited home rentals. However, this prohibition on STRs does not keep STRs from operating in violation of the city ordinance.

F4: Anaheim's ordinance requires OBAs to report Transient Occupancy Tax (TOT) directly to the city. This has led to the favorable consequence that unpermitted STR income is reported to the city.

The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not know what other Orange County jurisdictions do regarding this finding and can only comment on its own effort. It should be noted that the City does not collect TOT for limited home rentals.

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 respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not know what other Orange County jurisdictions do regarding this finding and can only comment on its own effort. The City does not allow STRs and does not conduct inspections for limited home rentals.

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

The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not allow STRs and does not collect TOT for limited home rentals.

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 respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not know what other Orange County jurisdictions do regarding this finding and can only comment on its own effort. The City does not allow STRs and does not collect TOT for limited home rentals.

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

The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not allow STRs and does not collect TOT for limited home rentals.

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

The respondent agrees with the finding.

Code Enforcement responds to complaints and, in response, investigations are conducted. However, some foreign language OBAs are not utilized as a resource because they are outside the current capabilities of code enforcement staff to monitor and track.

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 respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not allow STRs and does not collect TOT for limited home rentals.

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 respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

The City lacks knowledge and information sufficient to reach this conclusion. The City does not allow STRs. Code Enforcement responds to STR complaints and, in response, investigations are conducted.

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

The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons thereof.

City staff regularly participate in a regional roundtable forum where issues, such as STRs, are addressed.

Response to 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. (F4, F12)

The recommendation will be implemented.

The City currently allows limited home rentals and the current ordinance is in compliance with state law and recent case law. Should there be changes to state law or case law, the City would comply and revise timely.

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. (F11)

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs but does allow an owner-occupied limited home rental. A resident may rent their entire domicile for up to three periods of fewer than 30 consecutive days in a calendar year. The City does not collect TOT.

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. (F4, F12).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals and no TOT is collected. Therefore, this does not apply.

R4: Cities that allow STRs should evaluate the benefit of collecting TOT on a monthly basis by individual property, by June 30, 2026. (F7, F8).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals and no TOT is collected. Therefore, this does not apply.

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. (F7, F8).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals and no TOT is collected. Therefore, this does not apply.

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. (F7, F10).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals. There is no permit required and no waiting list. Therefore, this does not apply.

R7: Cities that allow STRs should consider allocating resources to update their short-term rental TOT tracking systems by September 30, 2026. (F7, F8, F10).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals and no TOT is collected. Therefore, this does not apply.

R8: Cities that allow STRs should consider random multi-year audits to confirm TOT by June 30, 2026, and annually thereafter. (F6, F7, F8).

The recommendations will not be implemented because they are not warranted or they are not reasonable, with an explanation, thereof.

The City does not allow STRs, only limited home rentals and no TOT is collected. Therefore, this does not apply.

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. (F12).

The recommendation will be implemented.

City staff will continue to attend regular roundtable forums where issues such as STRs are regularly addressed.

Should you have any questions, please contact Assistant Director of Community Development Amy Stonich at astonich@lakeforestca.gov or 949-461-3479.

Sincerely,



Debra D. Rose
City Manager

cc: Orange County Grand Jury, 700 Civic Center Drive West, Santa Ana, CA 92701