



# San Clemente

THE SPANISH VILLAGE BY THE SEA

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CITY OF SAN CLEMENTE  
OFFICE OF THE MAYOR

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August 7, 2025

Honorable Maria Hernandez, Presiding Judge  
Orange County Superior Court  
700 Civic Drive West  
Santa Ana, CA 92701

Honorable Judge Hernandez,

Please accept this response to the findings and recommendations of the Grand Jury Report entitled **Long-Term Solutions to Short-Term Rentals** in accordance with *Penal Code 933.05 (a) and (b)*.

## Findings

**Finding 1:** Despite the increasing media coverage of Online Booking Agencies (OBAs), STRs are not a new phenomenon in Orange County.

Response: The City of San Clemente concurs that short-term rental units are not a new phenomenon in Orange County.

**Finding 2:** The steady growth of STR usage in the last decade raises concerns of potential public nuisance.

Response: The City of San Clemente concurs that the increase in short-term rental usage raises concerns of "potential" public nuisance.

**Finding 3:** Even with robust Code Enforcement, a city's statutory ban on STRs is not enough to keep STRs from operating.

Response: The City of San Clemente concurs in part with the finding that even with robust Code Enforcement, a city's statutory ban on short-term rentals is not enough to keep short-term rental from operating. When discovered and properly addressed, the city's Code Compliance is able to stop a short-term rental from operating. However, in some cases, the operation is unknown to the city. Therefore, the City of San Clemente suggests that robust Code Enforcement can keep a short-term rental from operating provided the city is aware of such operation.

**Finding 4:** 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.

Response: The City of San Clemente does not possess knowledge about the outcome of consequences of the Anaheim ordinance. However, it would seem reasonable to presume that if Online Booking Agencies are required to report transient occupancy tax that unpermitted short-term rentals could be more easily and effectively identified.

**Finding 5:** 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.

Response: The City of San Clemente concurs that proactive home inspections improve compliance.

**Finding 6:** Direct remittance of taxes by OBAs does not capture all TOT for an STR because of direct booking practices.

Response: The City of San Clemente concurs that remittance of taxes from Online Booking Agencies does not capture all transient occupancy tax because of direct booking practices.

**Finding 7:** Some cities in Orange County have outdated systems for tracking short-term rental TOT making the process less effective and more difficult for staff.

Response: The City of San Clemente lacks the information to comment on the tracking systems of other cities in Orange County. However, there are always more effective strategies to improve tracking of short-term rentals and the City of San Clemente is exploring several options.

**Finding 8:** In some cases, STRs are improperly recharacterized as long-term rentals to circumvent the collection of TOT and any applicable penalties.

Response: The City of San Clemente does not concur with Finding 8. In the City of San Clemente, short-term rentals are most often mischaracterized so that they are able to operate in locations where they are prohibited, not to avoid the collection of transient occupancy tax and penalties.

**Finding 9:** Online Booking Agencies in foreign languages are outside the current capabilities of Code Enforcement to monitor and track unpermitted STRs.

Response: The City of San Clemente concurs in part. The use of foreign languages presents a challenge for tracking short-term rentals, but there are software solutions that can address this issue.

**Finding 10:** Cities that fail to routinely review their STR waiting lists potentially lose TOT revenue



and contribute to a greater prevalence of unpermitted STRs.

Response: The City of San Clemente concurs that waiting lists should be reviewed on a regular basis.

**Finding 11:** 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.

Response: The City of San Clemente does not possess the information to concur with this finding, but it should be reported that the City is reviewing and updating its short-term rental policies to address the potential challenges of being a host city (surfing) of the 2028 Los Angeles Olympics.

**Finding 12:** City leaders have no regular communication with each other concerning STR issues, limiting opportunities to develop strategies and expertise to improve service.

Response: The City of San Clemente communicates on a regular basis with neighboring cities, and often with cities county and statewide on issues that generally affect cities. While improved communication can be achieved, it would not be accurate to state it does not occur on a regular basis.

### **Recommendations**

**Recommendation 1:** 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.

Response: The City of San Clemente concurs with Recommendation 1.

**Recommendation 2:** 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.

Response: The City of San Clemente concurs with Recommendation 2.

**Recommendation 3:** Cities that allow STRs should evaluate the benefit of ordinances facilitating Voluntary Collection Agreements requiring OBAs to submit TOT directly, by June 30, 2026.

Response: The City of San Clemente concurs with Recommendation 3.

**Recommendation 4:** Cities that allow STRs should evaluate the benefit of collecting TOT on a monthly basis by individual property, by June 30, 2026.

Response: The City of San Clemente concurs with Recommendation 4.

**Recommendation 5:** 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.

Response: The City of San Clemente concurs with Recommendation 5.

**Recommendation 6:** 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.

Response: The City of San Clemente concurs with Recommendation 6.

**Recommendation 7:** Cities that allow STRs should consider allocating resources to update their short-term rental TOT tracking systems by September 30, 2026.

Response: The City of San Clemente concurs with Recommendation 7.

**Recommendation 8:** Cities that allow STRs should consider random multi-year audits to confirm TOT by June 30, 2026, and annually thereafter.

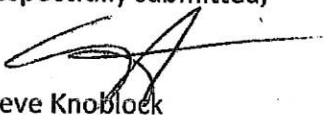
Response: The City of San Clemente concurs with Recommendation 8.

**Recommendation 9:** 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.

Response: The City of San Clemente concurs with Recommendation 9.

Thank you for the opportunity to respond to the report.

Respectfully submitted,



Steve Knoblock  
Mayor  
City of San Clemente

CC: Orange County Grand Jury