

# City of Seal Beach



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**By Electronic Mail**

August 14, 2025

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

**Re: City of Seal Beach Response to Grand Jury Report**

Dear Judge Hernandez:

Thank you for the opportunity to respond to the 2024-2025 Grand Jury Report, "Long-Term Solutions to Short-Term Rentals" (Report). The City of Seal Beach (City) appreciates the Grand Jury's interest in this topic and is happy to provide the following responses to the findings and recommendations provided in the Report.

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

The City concurs that STRs existed well before the popularity of OBAs.

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

The City concurs that the growth of STR uses has raised concerns of public nuisance.

***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.***

The City does not have evidence that necessarily supports this Finding, but believes that inspections are a useful tool in STR compliance, and incorporates inspections into its permitting process.

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

The City concurs with this finding, a portion of Seal Beach STRs remit TOT independently.

***Finding 7: Some cities in Orange County have outdated systems for tracking short-term rental TOT making the process less effective and more difficult for staff.***

The City can only attest to its own system, which is manual in nature at this time.

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

The City does not have any direct experience with such recharacterizations, but agrees it would be difficult for City staff to discern between the two without complaints or other reporting from neighbors.

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

The City concurs with this Finding.

***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.***

Seal Beach actively manages the STR waiting list, and therefore has no direct evidence to support this Finding, but agrees the Finding is reasonable.

***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.***

The City concurs with this Finding.

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

The City agrees that communication between leaders in different communities related to STRs is limited.

***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. (F4, F12)***

The City concurs that ordinances should be compliant with applicable court rulings and State legislation. Seal Beach recently reviewed its existing Ordinance and found no need to make revisions at this time. Further, it should be noted that as a coastal community, any changes to



the City's STR Ordinance need to be approved by the Coastal Commission, which can be an extended process.

***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. (F11)***

The City concurs with preparation for major upcoming events and potential impacts on STR programs.

**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. (F4, F12)**

The City feels this Recommendation is reasonable, however, the City has pursued similar agreements with OBAs with minimal success. Our experience is that OBAs are currently more interested in offering online management platforms to cities as opposed to entering agreements.

**Recommendation 4: Cities that allow STRs should evaluate the benefit of collecting TOT on a monthly basis by individual property, by June 30, 2026. (F7, F8)**

Given limited staffing, Seal Beach is unlikely to be able to enforce or manage individual monthly collections. It is our preference to maintain quarterly collections, but agree that the process may be reviewed periodically.

**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. (F7, F8)**

The City is unlikely to meet this timeline based on current permit renewal practices and existing provisions in the City's Municipal Code, but would support a longer-term or phased approach to this Recommendation.

***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. (F7, F10)***

The City currently employs strategies to address this issue.

**Recommendation 7: 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 City concurs with this Recommendation and is currently expanding implementation of its financial software.

**Recommendation 8: Cities that allow STRs should consider random multi-year audits to confirm TOT by June 30, 2026, and annually thereafter. (F6, F7, F8)**

The City appreciates this Recommendation, but may not have the resources to support it. Seal Beach's STR program is very limited in nature with a total of 45 permitted, which allows for closer management on a regular basis than may exist in cities with larger programs.

***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. (F12)***

The City is happy to support conversations with other communities on STRs.

Thank you again for your interest in STRs and the opportunity to provide this response to you. Should you have any further questions, please contact Planning Manager Shaun Temple at [stemple@sealbeachca.gov](mailto:stemple@sealbeachca.gov) or (562) 431-2527 x1316.

Sincerely,



Parick Gallegos  
City Manager

cc: Orange County Grand Jury