



# City of Mission Viejo

Office of the Mayor and City Council

**Bob Ruesch**  
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August 18, 2025

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

**Subject: Response to 2024-25 Orange County Grand Jury Report, Long-Term Solutions to Short-Term Rentals**

Dear Judge Maria Hernandez,

The City of Mission Viejo has reviewed the Orange County Grand Jury Report, Long-Term Solutions to Short-Term Rentals. In compliance with California Penal Code section 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 are listed below, followed by the City's response.

## **FINDINGS**

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

The City of Mission Viejo agrees with the finding.

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

The City of Mission Viejo partially agrees with the finding. The City's Code Enforcement staff receive minimal STR complaints: typically, 3 to 5 complaints per year, generally related to excessive noise. The City's existing Municipal Code regulations address the STR-related complaints received by Code Enforcement.

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 of Mission Viejo partially disagrees with the finding. The City does not have detailed information on practices in other Orange County jurisdictions regarding this finding. The City does not conduct STR inspections because noise, parking, and other potential STR nuisances have been minimal, typically not exceeding 5 complaints per year.

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



The City of Mission Viejo partially agrees with the finding and does not have comparable data from other jurisdictions and therefore cannot validate this finding. While the size of the direct booking market relative to platform-based bookings is unclear, the City acknowledges that direct bookings may occur. To support tax compliance in these cases, property owners/managers may register and remit TOT directly to the City via its Deckard Rentalscape STR platform.

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 of Mission Viejo partially disagrees with the finding and does not have comparable data from other jurisdictions and therefore cannot validate this finding. The City of Mission Viejo uses Deckard's Rentalscape STR platform to manage compliance. Rentalscape utilizes AI to analyze listings across multiple booking platforms and provides some identification, monitoring, and reporting tools. Rentalscape integrates STR registration and payment functions, streamlining compliance for property owners/managers. Furthermore, Rentalscape is continually updated to enhance functionality and improve efficiency.

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 of Mission Viejo partially agrees with the finding. While the City is unaware of practices at other cities, the City of Mission Viejo uses Deckard's Rentalscape STR platform to manage compliance. While Rentalscape captures certain empirical data utilizing AI to analyze listings from various platforms to monitor listings and bookings, the City acknowledges that recharacterization of STRs as long-term rentals by property owners/managers does occur.

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

The City of Mission Viejo partially disagrees with the finding based on its current policies and local data. The City of Mission Viejo uses Deckard's Rentalscape STR platform to manage compliance. Rentalscape scans all major booking sites which support listings in multiple languages. Although Rentalscape does not typically scan websites that operate exclusively in foreign languages, this is likely to have minimal impact on enforcement, as the majority of STR activity occurs on mainstream platforms. Furthermore, STRs listed on foreign-language-exclusive booking platforms are often also advertised on major booking platforms to reach a wider audience to maximize bookings.

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.

The City of Mission Viejo partially disagrees with the finding and does not have comparable data from other jurisdictions sufficient to reach this conclusion. The City of Mission Viejo allows STRs citywide, with no specific cap or other limit on the number of STRs allowed. Therefore, there are no waiting lists in the City of Mission Viejo and no associated lost TOT revenue.

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 of Mission Viejo partially disagrees with the finding and does not have comparable data from other jurisdictions and therefore cannot validate this finding. The City employs adequate Code Enforcement

and Police Services personnel to address and resolve any potential fluctuation in the number of STR-related complaints associated with a major event.

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 of Mission Viejo disagrees with the finding based on local and regional practices. City staff, including managers and directors, participate in regional forums (i.e. Planning Director's Association of Orange County), technical advisory committees (i.e. Orange County Council of Governments), and interagency meetings where STR policies and practices are routinely discussed.

## **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. (F4, F12)

The recommendation will be implemented. The City currently allows STRs and the current ordinance complies with state law and recent case law. Should there be changes to state law or case law, the City would comply.

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 recommendation will not be implemented because the City employs adequate Code Enforcement and Police Services personnel to address and resolve any potential fluctuation in the number of STR-related complaints associated with a major event.

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 recommendation will not be implemented because the City of Mission Viejo collects TOT from STR property owners/managers via its Rentalscape platform or directly by check to the City.

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)

The recommendation may be considered. The City currently collects TOT from STR property owners/managers on a quarterly basis.

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 recommendation will be considered as part of the City's 2025 Municipal Code review efforts.

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 recommendation will not be implemented because the City does not maintain a waiting list for STR permits, making this recommendation inapplicable.



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 recommendation has already been implemented. The City of Mission Viejo uses Deckard's Rentalscape STR platform to manage compliance. Rentalscape utilizes AI to analyze listings from various platforms to monitor listings and bookings. Rentalscape continues to update its functionality to enhance efficiency and support effectiveness.

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 recommendation will be considered weighing the cost, benefit, and effectiveness of multi-year audits.

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 recommendation has been and will continue to be implemented.

The City of Mission Viejo thanks the Grand Jury for investigating this issue. Should you have any questions or need additional information, please contact Director of Community Development Larry Longenecker at [llongenecker@cityofmissionviejo.org](mailto:llongenecker@cityofmissionviejo.org) or 949-470-3053.

Sincerely,



Robert J. Ruesch  
**MAYOR**

cc: City Council, City of Mission Viejo  
Elaine Lister, City Manager  
Jerry Hill, Assistant City Manager  
Larry Longenecker, Director of Community Development  
Ellis Chang, Director of Administrative Services  
Rich Schlesinger, Director of Public Works