



City of Sunnyvale

Agenda Item

14-0969
Agenda Date: 1/30/2015

2015 COUNCIL STUDY ISSUE

NUMBER

CDD 15-12

TITLE Regulating Short-term Residential Rental Units (i.e., AirBnB)

BACKGROUND

Lead Department: Community Development
Support Department(s): N/A

Sponsor(s):
 City Manager

History:
 1 year ago: N/A
 2 years ago: N/A

SCOPE OF THE STUDY

What are the key elements of the study?

Airbnb and similar internet-based companies provide a mechanism for owners of residential properties to rent them out on a short-term basis. They have become a popular alternative to hotels and motels. This is a relatively recent business model that presents a number of regulatory and legal issues related to land use compatibility, zoning, and application of transient occupancy taxes. Under the City's current zoning code, the short-term rental of single and multi-family residential properties in this manner may be considered a hotel or motel use, i.e., a facility offering transient lodging accommodations to the general public for compensation. Those uses are not allowed in residential zones (except the R-5 multi-family residential zone, which requires a use permit). A review of different web sites that offer these services shows multiple properties in Sunnyvale providing temporary rentals through Airbnb and similar services, and this number is expected to increase in the future. Sunnyvale is not alone in this experience; it is a popular service providing lodging opportunities throughout the world.

This study would consider whether the uses should be prohibited, allowed by right or with a permit, or not regulated. These short-term rentals can be considered comparable to uses such as hotels and motels. Typically reviewed as part of these uses are parking and circulation, security, and neighborhood compatibility. Additionally, those uses pay transit occupancy taxes, which short-term residential rentals do not. The study would be a review of transient occupancy tax options for the uses. Other cities have initiated regulations for the uses, and this study would include a review of the approaches taken and would provide options to address it.

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What precipitated this study?

Staff has received several questions about short term rental of residential property, and Neighborhood Preservation has also received complaints from neighbors of properties that are being used as short-term rentals.

Planned Completion Year: 2015

FISCAL IMPACT**Cost to Conduct Study**

Level of staff effort required (opportunity cost): Moderate

Amount of funding above current budget required: \$0

Funding Source: N/A

Explanation of Cost: N/A

Cost to Implement Study Results

Unknown. Study would include assessment of potential costs.

Explanation of Cost: Depending on the result of the study, it is possible that additional time and expense could be required to collect transit occupancy tax if such uses are allowed and are classified as similar to hotels/motels. The time and expense could be defrayed by the taxes collected.

EXPECTED PARTICIPATION IN THE PROCESS

Council-approved work plan: No

Council Study Session: Yes

Reviewed by Boards/Commissions: Planning Commission, Housing and Human Services Commission

STAFF RECOMMENDATION

Position: Support

Explanation: Staff has noted an increase in this activity, and also an increase in complaints from neighbors where nearby properties are used for this business. It is likely that this use will increase over time. In anticipation of the growth in popularity, it would be appropriate to gather community input and clarify the City's policy regarding this use. The primary policy question is whether these short-term rentals are appropriate and compatible in residential districts. Whatever the outcome of the study, it would be beneficial to clarify the Zoning Code for this use, and if allowed, to consider standards to minimize neighborhood impacts.

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Reviewed by: Hanson Hom, Director, Community Development

Reviewed by: Robert A. Walker, Assistant City Manager

Approved by: Deanna J. Santana, City Manager