



# City of Sunnyvale

## Agenda Item-No Attachments (PDF)

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### **MEMORANDUM TO HOUSING AND HUMAN SERVICES COMMISSION**

#### **SUBJECT**

Public Hearing: Study Issue CDD 15-12: Regulating Short-term Residential Rental Units (i.e., AirBnB)

#### **Overview**

The City Council ranked the study issue for short-term rentals “above the line” for 2015. Staff has been researching the issue, met with AirBnB to better understand the business side of the issue, and prepared an on-line survey for the community on the Open City Hall web page. Also, a joint study session with the City Council and Planning Commission was held to provide the members with more information about the issue, and answer questions. Concerns about the use of residential housing for short-term rentals include: neighborhood concerns about parking, safety and traffic, the potential incompatibility of allowing what is currently defined as a hotel in a residential area, and the potential loss of rental units affordable to many people in the area.

The general approach considered will be to require a permit or license from residents interested in hosting a short-term rental (defined as renting a unit for less than 30 days). In general, there are two main types of short-term rentals: hosted (where the resident lives in the unit and rents out a room), and unhosted (or whole house rental).

Staff has read about other cities and groups raising concerns that these types of short-term rentals can impact the cost of housing in areas with extensive short-term rental housing. Determining whether those findings are accurate are beyond the scope of this study, but the concern has been considered in the work to date. Santa Monica has recently considered that concern in determining how to regulate the uses. Typically, the most effective approach (short of banning the use) is to allow only short-term rental of homes that continue to be occupied by the permanent resident (hosted). In some cases, residents can offset their housing costs (e.g. rent, mortgage, utilities) by renting out a room at their home. However, whole house rentals (or unhosted) can impact the overall supply of housing and possibly affect housing rents if a sizable number of residences are removed from the long-term rental market. Statistics have shown that the majority of short-term rentals in Sunnyvale are hosted. Staff is considering limiting short-term rentals in Sunnyvale to hosted to help address the affordability issue, as well as other issues such as safety and security and potential impacts to the neighborhood.

#### **Options**

Options to consider for regulating short-term rentals include:

1. Adopt an ordinance that includes specific criteria regarding short-term rentals, including:
  - a. Require a permit;
  - b. Allow hosted rentals only, or both hosted and unhosted;
  - c. Establish a maximum number of guest on site at one time;

- d. Set a limit on the number of days a year a host can accept guests (or set no limit);
  - e. Consider limiting short-term rentals to a certain type of unit (single-family home, apartment, condominiums, townhouses);
  - f. Prohibit business or event uses as part of a short-term rental.
2. If short-term rentals are allowed, a permit system should be established. Requirements of an application for the use may include:
    - a. Permit issued to individual and does not run with the land;
    - b. Must have property owner or HOA consent for application;
    - c. Permit must be updated every two years to ensure compliance;
    - d. Permittee must agree to (and sign) a “best practices” form to ensure compatibility with neighborhood.
  3. Payment of fees:
    - a. Establish a permit fee amount that helps cover staff time in issuing permit, but low enough to not dissuade hosts from obtaining a permit;
    - b. Pay transient occupancy tax (TOT).

The Planning Commission will consider the item at their hearing on July 27, 2015, and the City Council is scheduled to hear it at their meeting on August 25, 2015.

### **RECOMMENDATION**

Staff Recommended Action: Establish short-term rental regulations in the zoning code to allow effective enforcement of the uses; set up an permit program to help establish the requirements for the host and to provide the City with a database of those short-term hosts that are permitted versus those that are not; and, require hosts to pay for the permit and pay TOT.

Staff recommends that the Housing and Human Services Commission provide a recommendation or comments on the above action for forwarding to the Planning Commission and City Council.

Prepared by: Andrew Miner, Principal Planner

Reviewed by: Trudi Ryan, Planning Officer

Approved by: Hanson Hom, Director, Community Development Department

### **ATTACHMENTS**

1. Study Issue Paper (CDD 15-12)
2. Checklist of possible options