

Short-Term Rental Regulation Discussion

***Contra Costa County
Board of Supervisors
September 19, 2017***

Recommendations

- A. ACCEPT report on options for regulation of short-term rental of dwellings within unincorporated areas of the County.
- B. PROVIDE initial, general, direction to staff from the Department of Conservation and Development on the preparation of an ordinance regulating the short-term rental of private dwellings within the unincorporated areas of the County.

Fiscal Impact

- Estimated cost to prepare ordinance(s) depends upon complexity and process used, but an initial estimate is \$30 - \$50k.
- These costs will be assumed by the Department of Conservation and Development, Land Development Fund.

Background

In response to concerns raised that new, state-mandated easing of restrictions on constructing accessory dwelling units could lead to an increase in short-term rentals rather than more permanent housing, the Board of Supervisors has directed the Department of Conservation and Development staff to evaluate preparing an ordinance which would regulate short-term rental of dwellings.

The new ordinance will compliment a potential new taxing mechanism that is currently being developed by staff in conjunction with the County's Finance Committee.

Existing County Regulation

The County currently does not issue permits for short-term rentals nor does it grant requests for business licenses for such activities.

TYPES OF RENTALS CURRENTLY BEING OFFERED WITHIN THE COUNTY

- Entire residences
- Single rooms
- Guest houses
- Tiny homes
- Apartments
- Condos
- Studios

ADVANTAGES OF THE SHORT-TERM RENTAL INDUSTRY

- The practice allows property owners to take advantage of any unused asset of their property (e.g., a bedroom or empty apartment).
- Provides for additional boarding options.
- Allows travelers to be in closer contact with other cultures by renting homes and rooms.
- Additional rental options could promote travel, lead to increased economic activity and boost tax revenues.

DISADVANTAGES OF THE SHORT-TERM RENTAL INDUSTRY

- As rental prices increase in some touristic areas of the County, property owners may remove long-term affordable housing units from the market in favor of a more profitable short-term rental unit.
- If not regulated properly, jurisdictions may lose revenue.
- The industry promotes unfair competition due to less regulation compared to the hotel/motel industry.
- Short-term rental properties may change the character of traditional single-family residential neighborhoods (e.g., congested parking and high turn-over of rental property occupancy).

REVIEW OF OTHER JURISDICTIONS' SHORT-TERM RENTAL REGULATIONS

SAN FRANCISCO

- Does not allow short-term rental of units subject to affordable housing programs.
- Must register the short-term rental unit.
- Notification of neighbors within 300 feet of nearby short-term rental units.
- Property owners must occupy the residential unit for a minimum of 275 days of the year.
- Must have additional insurance and business license.
- Requires quarterly reporting.

San Luis Obispo

- Limits rentals (Homestays) to a maximum of four guests.
- Homestay permits are required, application review fee of \$305.00.
- Transient Occupancy Tax required.
- Property owner must provide annual occupancy verification.
- Requires one additional parking space beyond what is normally required.
- Property owner must be within a 15 minute drive and available 24 hours to respond to homestay complaints.
- Prohibits homestay rentals in guest houses or guest quarters.

San Mateo

- Rental unit must qualify as habitable space.
- Limits property owners to one home rental within City limits (e.g., proof of residency).
- Must obtain a business license.
- Collects Transient Occupancy Taxes.

Sacramento

- Requires a Short-Term Rental Permit or Conditional Use Permit (CUP).
- Collects Transient Occupancy Tax.
- Limits rental of accessory buildings to 90 days a year, otherwise a CUP is required.

Richmond

- Collects Transient Occupancy Tax.
- Has not adopted any short-term rental specific ordinance.
- Treats short-term rentals as any other rental property.

KEY POTENTIAL PROVISIONS THAT COULD BE USED IN OR OMITTED FROM REGULATIONS

1. Restrict the number of days a rental unit can be rented within a calendar year.
2. Require property owners to register with the County, get a business license and/or get a permit.
3. Notification to neighbors prior to granting certain permits and/or provide the contact information of the property owner for nuisance complaints.
4. Require owner occupancy of unit being rented or of property generally (host vs. non-hosted).
5. Establish penalties.

6. Require payment of transient occupancy tax, business license tax and/or business license or permit fee.
7. Require owner to be nearby during all rentals.
8. Prohibit renting of accessory dwelling units and/or other accessory structures.
9. Prohibit on-site advertising.
10. Limit the number of guests per stay.
11. Limit short-term rental activities to certain zoning districts.
12. Require at least one additional parking space for each unit rented.

13. Limit one rental unit per property owner within County boundaries.
14. Require quarterly/semi-annual/annual reporting of days a unit has been rented.
15. Prohibit rental of any unit that is subject to an Affordable Housing Agreement.

SAMPLE ORDINANCE OPTION 1

- Allow short-term rentals within owner occupied primary dwelling units only (hosted rentals).
- Require proof of residency.
- Require property owners to provide one additional parking space, beyond what is normally required for the property.
- Prohibit the short-term rental of accessory buildings, Accessory Dwelling Units and any other building or structure.
- Limit the number of days a short-term rental space can be occupied to 90 days a year – no exceptions.
- Require ministerial permit, payment of all taxes and fees and contact information in notice to neighbors.

SAMPLE ORDINANCE OPTION 2

- Allow short-term rentals within primary dwelling units (host or no-host).
- Allow short-term rentals within accessory buildings, Accessory Dwelling Units and any other building or structure (hosted only: e.g., owner must occupy primary residence).
- Limit the number of days that a unit can be rented to 90 days a year.
- Require ministerial permit and payment of all taxes and fees but no notice to neighbors.
- All exceedances/exceptions through a land use permit process.

SAMPLE ORDINANCE OPTION 3

- Allow short-term rentals of all dwelling units whether hosted or not, but require a ministerial permit if owner not to occupy any portion of premises.
- Place no limits on number of days that a building or structure can be rented per year.
- Require payment of all taxes and fees but no permits (except as noted above) and no noticing.

EVALUATION OF SAMPLE ORDINANCES

Evaluation of Sample Ordinance Option 1:

- Least impacts by limiting the number of units that can be rented to one.
- Reduces potential nuisances situations by requiring the property owner to host rental guests.
- Will limit traffic related issues by requiring one additional parking space.
- Retains affordable housing options by prohibiting the short-term rental of accessory buildings.
- Retains the neighborhood characteristics by limiting the number of days a short-term rental can be rented to 90 days per year.
- Creates a log of registered renters and informs neighbors about new rentals in the area via the noticing process.

Evaluation of Sample Ordinance Option 2:

- Added flexibility for property owners, by allowing rental of multiple dwelling units on the same lot.
- Impacts to neighbors may increase as multiple rentals may occur on the same property during the same period of time.
- This option may reduce the amount of affordable housing within the County.
- Changes to neighborhood characteristics would be minimized by limiting rental of units to 90 days a year.

Evaluation of Sample Ordinance Option 3:

- Would allow the most flexibility by permitting property owners to rent an entire residence, portions of a residence or accessory buildings.
- Would not require the property owner to be on-site during the rental activity if granted a permit.
- Neighborhood impact (e.g., high turn-over of occupants, noise, and traffic) would be greatest with this option as there will be no limit to the number of days per year a dwelling unit can be rented.
- Removal of noticing requirements may generate additional code enforcement complaints and inquires to the County regarding neighborhood short-term rental unit activity.

ADDITIONAL REGULATORY OPTIONS

- Require owner occupancy of unit being rented or of property generally (hosted vs. non-hosted)
- Establish penalties
- Require payment of transient occupancy tax, business license tax and/or business license or permit fee
- Require owner to be nearby during all rentals
- Prohibiting renting of accessory dwelling units and/or other accessory structures
- Prohibit on-site advertising

NEXT STEPS

1. Upon acceptance of general Board direction, staff will begin preparation of a Draft Short-Term Rental Ordinance.
2. The required California Environmental Quality Act (CEQA) review will be completed and circulated for comment.
3. The Draft Short-Term Rental Ordinance will be presented to the County Planning Commission for review and recommendations prior to scheduling the hearing before the Board of Supervisors.