

Zoning for Short-term Rental of Residences

BAPDA Fall 2016 Meeting
November 4, 2016



*Planning, Building and
Code Enforcement*

Mayor and Council Direction

Collect 10% Transient Occupancy Tax to:

- Generate revenue and
- Level the playing field with hotels and B&B's

Home-sharing

Home-sharing – use of a home to rent rooms or entire residence for up to 30 days.

The screenshot displays the Airbnb search interface for San Jose, CA. The top navigation bar includes the Airbnb logo, the search location "San Jose, CA, United States", and options for "Browse", "Sign Up", "Log In", "Help", and "List Your Space".

The main search area features a map on the left with several red location pins. To the right of the map are search filters:

- Dates:** Check In, Check Out, and 2 Guests.
- Room Type:** Entire Place (selected), Private Room, and Shared Room.
- Price Range:** A slider ranging from \$80 to \$1000+.

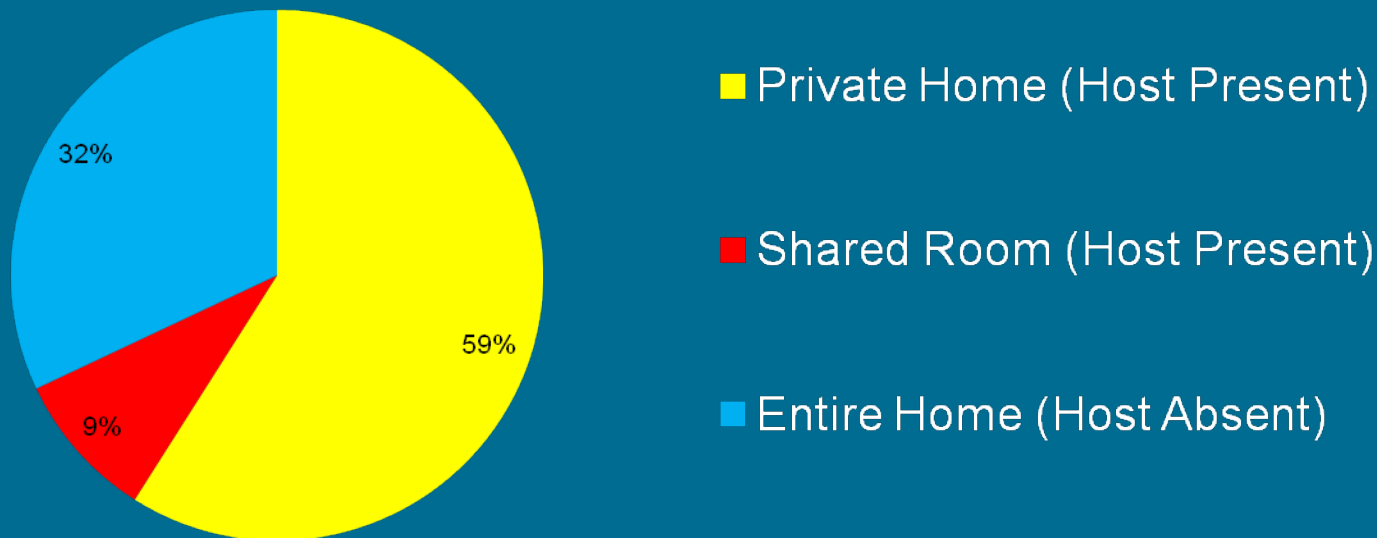
Below the filters, there are "More Filters" and "Price" buttons, and a result count of "301 Rentals · San Jose".

Two property listings are visible at the bottom:

- The first listing shows a modern building exterior with a price tag of \$175.
- The second listing shows a bedroom interior with a price tag of \$99.

Short-term Rentals in San Jose before Legalization

- About 300 Airbnb hosts
- Typical host rents 56 nights/year
- Average length of stay - 7.4 nights
- Types of host offerings:



City's Goals for Home-sharing

Harness Benefits



Address Concerns

✓ Resident Ancillary
Income

✓ Resident
Impact

✓ More and Different
Room-offerings for
Visitors

✓ Level Playing
Field

General Approach

- **Address current situation** – Create a framework for legitimizing short-term rentals to enable TOT collection.
- **Administrative simplicity** – Keep administration, enforcement, and compliance with an ordinance simple for City staff, hosts, and the public to understand.
- **Address use Citywide** – Add Code provisions for residences.
- **Address as “incidental use”** – Define short-terms rentals as an “incidental use” with clear performance standards.

Stakeholder Input

- Require a business license.
- Limit the number of days per year.
- Align number of occupants with bedrooms.
- Have quiet hours.
- Have requirements such as public registry for ease of contact of host 24/7/365.

Adopted Ordinance

- **Host Present:** Up to 365 days/year.
Up to 3 transient occupants in a single-family residence; up to 2 in a multi-family residence.
- **Host Not Present:** Up to 180 days/year.
Up to 2 people in a studio, 3 people in a 1-bedroom unit, & 2 people per bedroom for each bedroom in excess of 1, not to exceed 10 people.

Contact: Host provides written notice of the local contact person to all transient users and occupants of adjacent properties.

Adopted Ordinance (cont'd)

Transient Occupancy Tax Payments:

Responsibility of the host, but can be paid by a hosting platform on behalf of a host if the incidental transient occupancy is created through a hosting platform that has an agreement with City.

Successful Results!

- **Code Enforcement – 2 complaints in 2015 and 1 so far in 2016.**
- **Tax revenue – greatly exceeded expectations.**
- **Hotels have higher room occupancy – 2015 was a banner year.**
- **Helps meet visitor demand for larger conventions and special events.**
- **Expect interest to grow in 2017 with new State law that facilitates granny flats.**