Zoning for Short-term Rental of Residences

BAPDA Fall 2016 Meeting

November 4, 2016

CITY OF
SAN JOSE
CAPITAL OF SILICON VALLEY

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.

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:

■ Private Home (Host Present)

■ Shared Room (Host Present)

■ Entire Home (Host Absent)
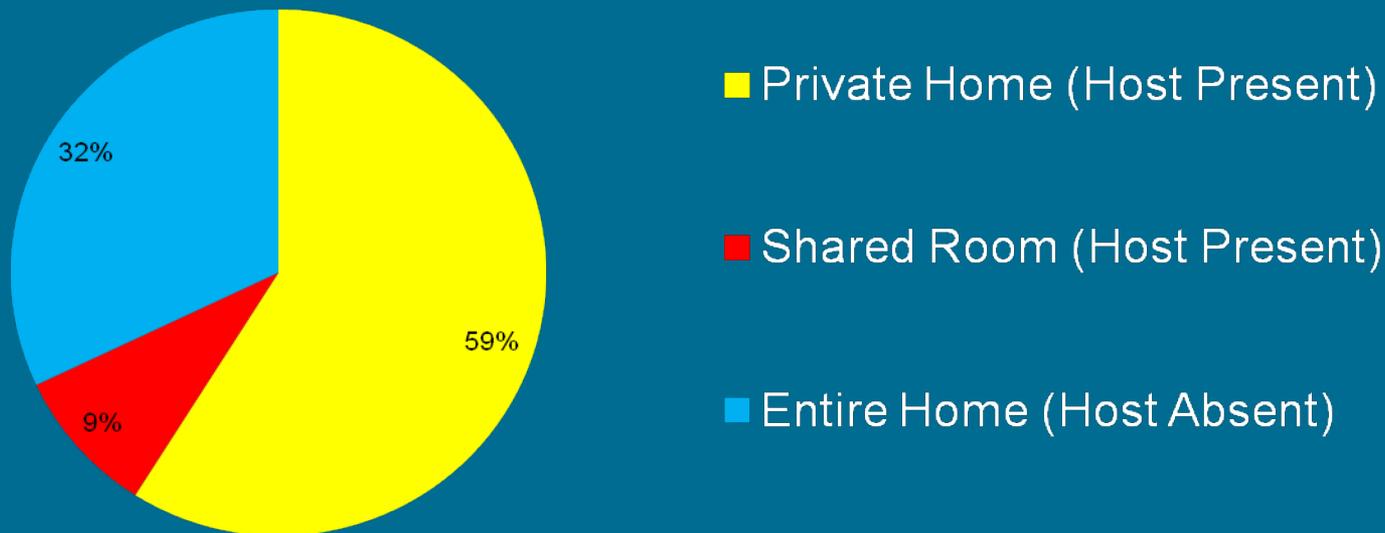
City's Goals for Home-sharing

| Harness Benefits | ←——————→ | Address Concerns |

- ✓ Resident Ancillary Income

- ✓ More and Different Room-offerings for Visitors

- ✓ Resident Impact

- ✓ 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)

<u>Transient Occupancy Tax Payments:</u>

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.**