



STAFF REPORT ON PROPOSED LEGISLATION

To: Mayor Gavin Buckley

From: Michael Mallinoff, City Manager

Date: January 10, 2024, revised January 26, 2024

Subject: O-32-23: Short-term Rental Licenses and Regulations

Purpose of legislation

The purpose of this legislation is to clarify and limit local eligibility requirements for a short-term rental operator's license; provide definitions; make technical corrections; and generally relating to a rental operator's license.

Impact of legislation on operations

This legislation will have several operational impacts. From a technology perspective, the legislation will require some small changes to the short-term license application process, which will have a one-time impact. There are some license applications that are in process, so clarity around how to handle those cases will be important. In terms of volume, data from Host Compliance indicates that of the 407 licenses in their system, there were 107 renewals and 67 new licenses issued in the last 180 days. A moratorium on new licenses therefore may impact a fair number of units and owners.

The legislation adds several layers of compliance requirements to the existing rules, which are typically validated by the inspectors from the Department of Planning and Zoning when they do their inspection prior to issuing licenses or renewals. Some of the provisions in the legislation, such as following the by-laws of applicable condominium or homeowner associations, will end up being complaint-driven rather than inspectors specifically checking all association bylaws ahead of time.

Impact of legislation on staffing

Since the short-term rental license is currently managed under a contract, the moratorium and other system changes are not expected to impact staffing. Using a complaint-driven protocol for some of the additional compliance checks will help manage the impact of those provisions on staffing needs within Planning and Zoning and should allow that work to be absorbed by the existing staff, particularly given that the moratorium will limit the number of new inspections the Department must do.

Answers to specific questions

Council has asked some specific questions about short term rentals (STRs) to more fully understand the number, nature, and distribution of short-term rentals across the City.

1. *How much of our hotel tax comes from STRs (or does that money go elsewhere?) and how much comes from hotels. 1 full year*

Answer: The total hotel taxes submitted for FY 2023 was \$4,331,189.12. Of that, approximately 60% came from hotels (\$2,600,710.59) with 30% (\$1,299,356.74) coming from short term rentals and 10% (\$433,118.91) from AirBNB.

2. *How many STR complaints?*

Answer: The City received 9 total complaints over the past 12 months.

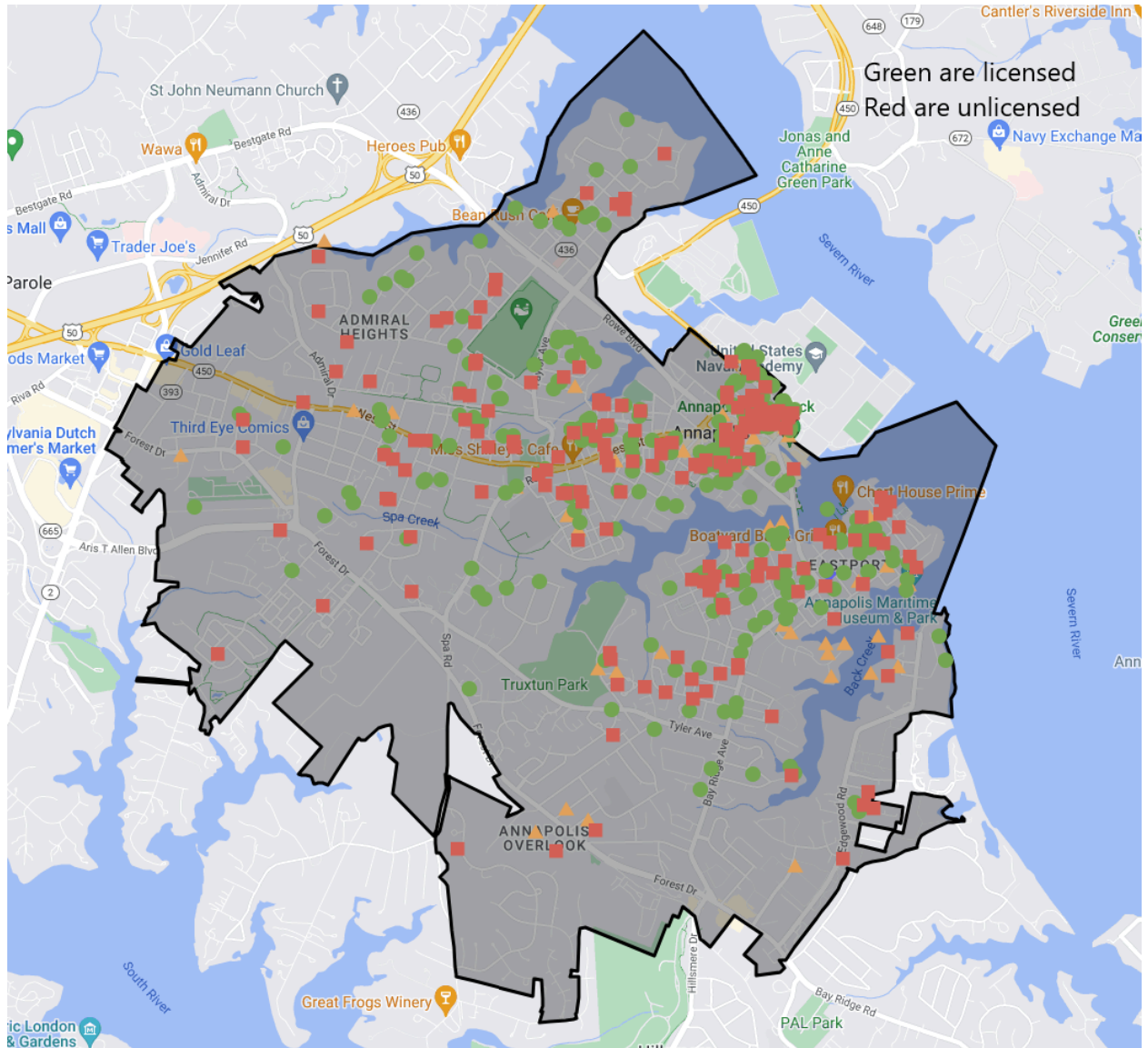
3. *What type of complaints have there been involving STRs?*

Answer: The 9 complaints received were varied:

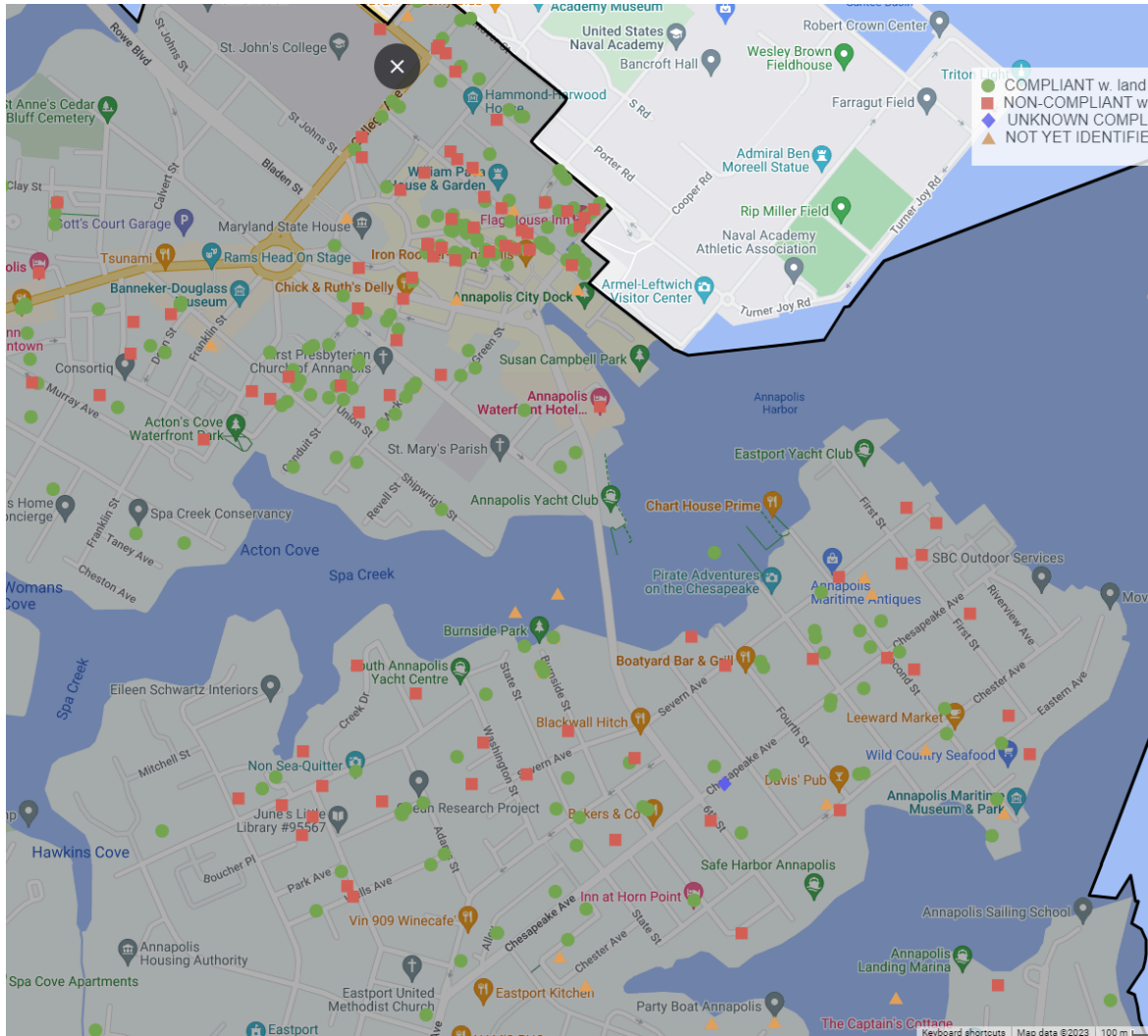
- 2 for noise
- 1 complaint about a single owner with more than one STR
- 1 complaint about an STR advertising the dwelling as an event venue
- 2 complaints about the condition of a rental unit, both units were unlicensed.
- 3 complaints about unlicensed rentals

4. *Density of STRs in the City and which neighborhoods?*

Answer: (see graphics below)



Overall distribution of STRs across the City

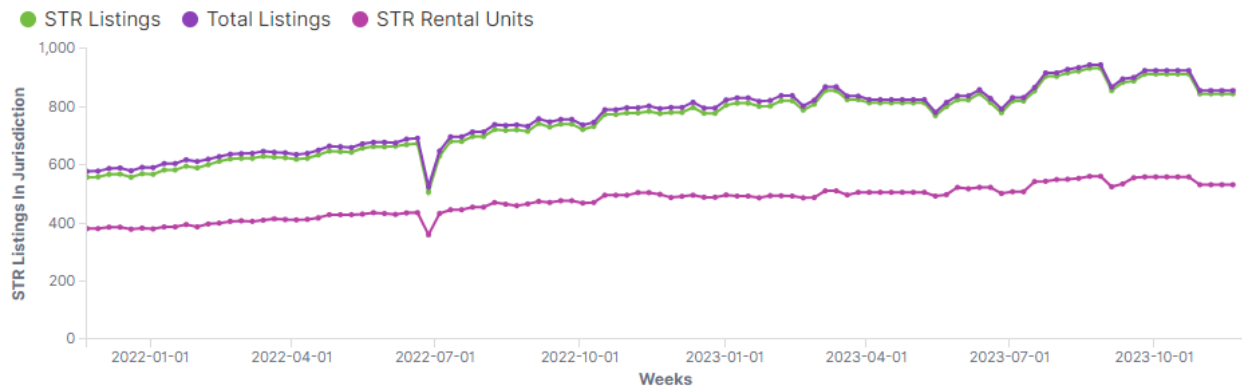


Close-up of the distribution of STRs in the historic district and Eastport

5. *Number of non-compliant STRs:*

Answer: Currently there are 173 non-compliant short term rentals and another 54 short term rentals that they cannot determine the location. The following graph shows a trend line that closely correlates to the total number of short term rentals in the City and the number that are compliant. The gap between the two trend lines is roughly the non-compliant number.

Rental Units and Listings Over Time ^③



6. *Are permit transfers allowed?*

Answer: No

Prepared by Victoria Buckland, Assistant City Manager