



**DATE:** November 13, 2018

**CATEGORY:** Consent

**DEPT.:** City Manager's Office

**TITLE:** **Short-Term Rental Ordinance  
(Second Reading)**

### **RECOMMENDATION**

Adopt an Ordinance Adding Chapter 44 to the Mountain View City Code Related to Short-Term Rental of Residential Property, to be read in title only, further reading waived (Attachment 1 to the Council report). (First reading: 4-3; Clark, McAlister, Rosenberg no)

### **SUMMARY**

On March 20, 2018, the City Council held a Study Session to discuss short-term rental (STR) regulations. Council directed staff to draft an ordinance that would allow STRs and establish regulations to mitigate potential negative impacts of STRs on housing affordability and neighborhood character.

At Council's direction, staff also explored contracting with vendors for short-term rental monitoring and negotiating a voluntary collection agreement with short-term rental hosting platforms for the collection of transient occupancy tax (TOT).

On October 9, 2018, the City Council held a public hearing to consider the adoption of a Short-Term Rental Ordinance. The City Council introduced the ordinance allowing STRs. The ordinance included a registration requirement and registration fee, clarified that STRs are subject to TOT and Business License Tax, set forth operational regulations to minimize neighborhood impacts, including a local contact person and limitations on unhosted short-term rentals, in addition to provisions for enforcement and revocation of registrations. The proposed ordinance was also modified to clarify STRs are permitted in accessory dwelling units and will be considered "hosted" if the owner or tenant is present on the property and unhosted STRs are limited to sixty (60) days per calendar year.

A second reading of the ordinance was initially set for October 23, 2018. In order to comply with the requirements in City Charter Section 522, which requires publication of the ordinance at least once in the official newspaper at least two days prior to its adoption, the second reading was continued on October 23, 2018 to the next Regular Meeting of the Council on November 13, 2018.

### **FISCAL IMPACT**

Implementation of these regulations will require staff time and a contract with an STR compliance vendor. Additional staff is necessary to administer the STR Ordinance, including collection of the registration fee; additional TOT fees and business licenses; overseeing the compliance vendor; and enforcing the regulations. Current vendor pricing models are based on the number of STRs in a jurisdiction advertised on various hosting platforms. With 1,000 STRs currently advertised in Mountain View, a vendor contract is estimated at between \$70,000 and \$90,000 annually.

On October 9, 2018, the City Council authorized a 0.5 FTE Accounting Clerk I/II position and appropriated \$66,000 to the Finance and Administrative Services Department for collection of additional fees, business licenses, and other work related to the ordinance. Council also appropriated \$80,000 to the City Manager's Office for a compliance vendor contract and authorized a \$165 registration fee in order to recover the total cost of administering the program.

Additional revenue generated from TOT, currently 10 percent of rent charged, and Business Licenses will be deposited into the City's General Fund.

### **PUBLIC NOTICING**

Agenda posting and notice on web, social media, and interested parties list.

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MG/2/CAM  
612-11-13-18CR

Attachment: 1. Ordinance