




## MEMORANDUM

**DATE:** March 30, 2015

**TO:** Honorable Mayor Kevin Faulconer and City Councilmembers

**FROM:** Councilmember Lorie Zapf 

**SUBJECT:** Short-term Vacation Rentals

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### Background

The San Diego Municipal Code needs to be updated to directly address short-term vacation rentals in single family zones. To date, the San Diego Municipal Code does not specifically address vacation rentals.

While San Diego has been home to a large number of vacation rentals for decades, short-term vacation rentals have proliferated in recent years due in large part to new internet platforms. I believe that updating the Municipal Code to address short-term vacation rentals is long overdue. Per the 2007 City Attorney memo regarding “Regulation of Short-Term Vacation rentals in Residential—Single Unit (RS) Zones”:

- 1. There are currently neither regulations nor prohibitions on short-term vacation rentals in single-family residential zones.*
- 2. The Land Development Code may be amended to regulate the use of single-family dwellings in single-family residential zones and/or amended to prohibit the use of single-family dwellings in single-family residential zones. However, the California Coastal Commission must certify any amendments to the Land Development Code before they can be effective in the Coastal Overlay Zone*

### The Sharing Economy

The sharing economy is important to San Diego. It has already been integrated into the daily lives of San Diegans through ride-sharing and sharing living spaces. In the case of short-term vacation rentals, the City also has to address neighborhood quality of life issues. The Municipal Code currently neither defines short-term vacation rentals nor stipulates the responsibilities of a

short-term vacation rental owner or host. Updating and clarifying the Municipal Code will provide certainty and accountability for short-term vacation rentals and neighborhood residents.

### **Quality of Life**

In the last four months, constituents have reached out to my office through emails, phone calls and in-person meetings requesting action on this issue. Community members have expressed their concern about quality of life in their neighborhoods and degradation of community character. Many share the same stories about the proliferation of homes being turned into vacation rentals that are having impacts on noise, occupancy and parking within their neighborhoods. I have also heard from compliant short-term vacation rental hosts and management companies expressing their willingness to reach out to other local short-term rental owners to help communicate best practices for the industry.

### **Recommendations**

My office has studied comparable cities such as Encinitas, Portland and San Luis Obispo that currently have regulations on short-term vacation rentals. Through our research, we found that each city managed short-term vacation rentals in a variety of different ways but with some commonalities. All cities required some type of permit. My staff has worked closely with community stakeholders representing both homeowners and vacation rental hosts to identify a solution that protects the community fabric in single-family residential zones and supports small businesses that are currently in compliance. As a result, I requested City Staff to revise language in our current municipal code to meet the following goals but not limited to:

- Define the term “Short-term Vacation Rental” in the Municipal Code
- Require a renewable permit for the operation of any short-term vacation rental city-wide
- Determine permit fees that are cost recoverable and will be used towards the management and enforcement of the permit
- Require a posted 24/7 contact with a name and phone number on the property as part of the permit
- Enforcement process that includes fines and revocation of permit for repeat violators
- Identify additional funding for the Community-Assisted Party Program (CAPP) to respond to citizen complaints
- Require TOT collection and payment from short-term vacation rental hosts per Municipal Code

## **Office of Independent Budget Analyst Research Request**

I request that the Office of Independent Budget Analyst research the following:

- How other coastal California cities and conference/destination cities (such as Austin and Nashville) address short-term vacation rentals in their respective municipal codes:
  - Do they require permits to operate short-term vacation rentals?
  - How much does a short-term vacation rental permit cost?
  - How is the cost for permit fees determined?
  - What is the short-term vacation rental permit fee expended on?
- How are short-term vacation rental hosts/owners in California coastal cities and conference/destination cities held accountable for neighborhood quality of life issues, especially noise abatement?

### **Conclusion**

Due to the lack of clarity in the Municipal Code, my coastal district is greatly affected by issues related to vacation rentals. I am confident that my proposed recommendations and those of my fellow Councilmembers can be vetted and crafted into a workable code. It is important that we protect San Diego's neighborhoods while also keeping our city a top visitor destination. I look forward to further discussion at the upcoming Smart Growth and Land Use Committee Meeting on April 22, 2015. If you have any questions or comments, please contact my Smart Growth & Land Use Committee Consultant Ryan Purdy at (619) 533-3982 or [rpurdy@saniego.gov](mailto:rpurdy@saniego.gov).