



COMMUNITY DEVELOPMENT AGENCY

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Marin County Board of Supervisors
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SUBJECT: Workshop on Short Term Rentals

Dear Supervisors,

RECOMMENDATION:

Review the white paper and other background materials provided about short term rentals, consider public testimony, and provide direction to County staff regarding any policy options the Board wishes to pursue in the future. No official actions by the Board are recommended at this time.

SUMMARY:

Short-term rental (STR) online hosting services such as Airbnb, Homeaway, and VRBO enable individuals to rent out real property as temporary lodging. These marketplaces are recognized as part of the sharing economy, which leverages internet applications to make peer-to-peer exchange of goods and services possible. There are both potentially positive and potentially negative consequences to the growth of short term rentals in the unincorporated portions of Marin County. Among the benefits are providing more lodging for visitors to the coastal areas and national parks in Marin and providing home owners the ability to partially offset the cost of mortgage payments by renting out rooms on the property where they live. However, the negative impacts include reducing the county's stock of long-term housing opportunities and inconveniencing neighbors with additional traffic, parked cars, noise and the other effects of having a steady stream of visitors in residential neighborhoods.

A survey recently conducted by the Planning Division reveals that most respondents see economic benefits to local businesses from short term rentals and believe that short term rentals help homeowners pay mortgages they may otherwise find difficult to cover within the limits of their income. The poll also indicates that most respondents believe that short term rentals inconvenience neighbors, substantially reduce long term rentals, and fray the social fabric of small towns. The majority of respondents are residents of west Marin, and a summary of the poll results are provided for your review (attachment 3).

www.marincounty.org/cda

BACKGROUND:

Currently, short term rentals (i.e. residential leases for less than 30 days) are not regulated differently than long term rentals in unincorporated Marin. Residents are allowed to rent out portions of their homes or all of their homes on a short or long term basis, or both, without any special license or permit from the Planning Division. However, operators of short-term rentals are required to register with the County's Department of Finance and apply for a business license within 30 days of starting their rental business. Operators are further required to collect a Transient Occupancy Tax (TOT) from each guest equivalent to 10 percent of the total rent paid, which is then paid to the County on a monthly basis. There are approximately 480 short-term rental operators in unincorporated Marin who are registered and paying TOT to the County. The County's Department of Finance already has an agreement with Airbnb to collect TOT directly from the company, and is in contact with other short term rental companies to arrange similar agreements.

Altering the County's current policy and regulatory framework would require different approaches in the Coastal Zone versus the interior portions of Marin. Your Board has exclusive authority to pass legislation regulating short term rentals in the non-coastal interior portions of unincorporated Marin. Other jurisdictions address short-term rentals in a variety of ways, ranging from total prohibition to minimal requirements similar to those currently applicable in unincorporated Marin. Short-term rentals are prohibited altogether in some local towns, including Larkspur, Sausalito, and Ross. Other counties, such as Santa Cruz and Sonoma, allow some short-term rentals within certain parameters and require compliance with various provisions that regulate potential neighborhood impacts.

In the Coastal Zone, your Board shares authority to pass legislation regulating short term rentals with the California Coastal Commission. The California Coastal Act promotes "visitor serving uses," including lodging, to make the California coast accessible to those throughout the state and the nation. Therefore, substantially curtailing or banning short term rentals outright in the Coastal Zone would likely be found inconsistent with the Coastal Act. The Coastal Commission has thus far indicated that reasonable limitations on short term rentals may be considered favorably as part of Local Coastal Program (LCP) amendments.

The current version of the proposed LCP amendments contains a program to evaluate passing a short term rental ordinance in the Coastal Zone, as follows:

"C-HS-6 Regulate Short-Term Rental of Primary or Second Units. Regulate the use of residential housing for short term vacation rentals.

Program C-HS-6.a Vacation Rental Ordinance

1. Work with community groups to develop an ordinance regulating short-term vacation rentals.

- 2. Research and report to the Board of Supervisors on the feasibility of such an ordinance, options for enforcement, estimated program cost to the County, and the legal framework associated with rental properties.”

In addition, during the Board’s series of workshops on policy options for preserving housing affordability and preventing displacement, the impact of short term rentals on the availability of permanent rental housing stock was raised by community members and a similar program was added to CDA’s work program.

“Short-term rental regulations. CDA staff will draft an ordinance regulating short-term rentals (i.e. “vacation rentals”) initially for the Marin County Coastal Zone. The proposed ordinance will be presented to the Planning Commission followed by the Planning Commission recommendation being presented to the Board of Supervisors at a public hearing. If adopted by the Board, the regulations will be filed with the California Coastal Commission (CCC) for review and certification. If certified by the CCC, the regulations will be brought back to the Board to be considered for applicability to the non-coastal area of unincorporated Marin. If adopted by the Board, the regulations will apply to rental housing in the unincorporated county.”

In an effort to begin the research on the feasibility, options for enforcement and estimated cost of this program, County staff has worked with Lisa Wise Consulting on the attached background white paper (attachment 1) and also provided information on regulatory alternatives with cost estimates (attachment 2).

The white paper is intended to facilitate Board discussion by providing background and examples of how other jurisdictions have regulated short term rentals. The regulatory alternatives prepared by planning staff offer a range of choices for regulating short term rentals to varying degrees based on a licensing program with an annual fee to cover administration and enforcement costs. Rough cost estimates are provided as well, although actual costs would depend on the approach taken by your Board and the number of short term rentals in the County. More research and public outreach would need to be done before preparing an ordinance regulating short term rentals. However, it is our hope that the work done to date will provide your Board the opportunity for an informed discussion of the issues.

FISCAL/STAFFING IMPACT:

The preliminary fiscal and staffing impacts potentially associated with preparing, implementing, and enforcing a regulatory framework for short term rentals are addressed in the attached Regulatory Alternatives memorandum (attachment 2). The costs of enforcing such a program are of particular concern because the County’s normal approach to enforcement would not be effective with short term rentals. The total estimated cost of \$500,000 over a ten year period would be defrayed by licensing fees paid by hosts on an annual basis.

REVIEWED BY:

- | | |
|--|------------------------------|
| <input type="checkbox"/> Department of Finance | <input type="checkbox"/> N/A |
| <input checked="" type="checkbox"/> County Counsel | <input type="checkbox"/> N/A |
| <input type="checkbox"/> Human Resources | <input type="checkbox"/> N/A |

SIGNATURE:



Jeremy Tejirian
Planning Manager

Attachments:

1. Short term rentals white paper
2. Short term rentals regulatory alternatives
3. Short term rentals survey results
4. Coastal Commission letter regarding short term rentals
5. Public comments