

# **SHORT – TERM RENTAL PROPERTIES IN ZONING CODE**

Collecting Transient Occupancy Tax  
in the Sharing Economy

## **Overview**

- Mayor and Council Direction
- Short-term Rentals in San Jose
- Principles and General Approach
- Timeline
- Questions/Comments

# Mayor and Council Direction

**GOAL:** Ensure short-term rental hosts pay the 10% transient occupancy tax (TOT) in order to

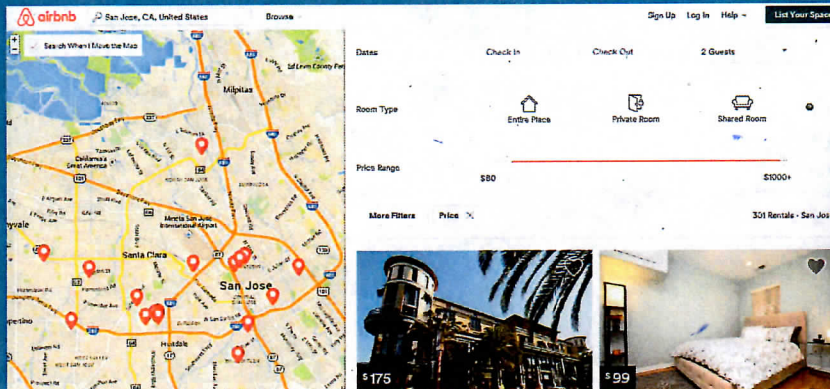
- Generate revenue
- Have a level playing field with hotels and B&B's

Before the City can collect the TOT, we need to legitimize the operation of short-term rentals, which currently is not allowed in residences.

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# Home-sharing

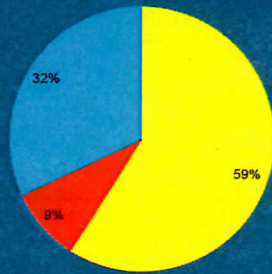
Home-sharing – the use of a home as an impromptu inn to rent rooms or entire residence to travelers for periods of less than 30 days.





## Short-term rentals in San Jose

- 269 Airbnb hosts in San Jose
- 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)

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### Harness Benefits

- ✓ Resident ancillary Income
- ✓ More, different room offerings for visitors



### Address Concerns

- ✓ Resident Impact
- ✓ Level playing field

## Principles and General Approach

1. **Address current situation** – Create an initial framework for legitimizing short-term rentals in order to enable TOT collection; can be modified over time as needed
2. **Administrative simplicity** – Keep administration, enforcement and compliance with ordinance simple for City staff, hosts and for public to understand
3. **Address use citywide** – Amend all appropriate Code provisions for residences, not just in Residential Zoning Districts
4. **Address as “incidental use”** – Include short-terms rental as “incidental use” with clear definition and performance criteria

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5. **Consistency** – Make policy congruent with long-term residential rentals (e.g. number of rooms that can be rented in R1, R2) but update provisions for long term residential rentals to clarify and distinguish between long-term and short-term rentals
6. **Property owner and/or tenant accountability** – Address complaints against short-term rentals based on lack of compliance with applicable Municipal Code provisions including, but not limited to, nuisance and property conditions
7. City Code provisions do not supersede landlord agreements and HOA CC&Rs, which may be more restrictive than City’s Code
8. **Enable the Sharing Economy** – As the Capital of Silicon Valley, San Jose should take a proactive, enabling approach to support the responsible evolution and growth of the Sharing Economy

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## Timeline

October 30	General Stakeholder Meeting
November 12	Neighborhoods Commission
November 19	Planning Commission
December 9	City Council Reading #1
December 16	City Council Reading #2

**Questions or Comments?**