



STAFF REPORT

TO: THE HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

MEETING DATE: NOVEMBER 18, 2024

FROM: ERIN VENTURA, CONTRACT PLANNER

SUBJECT: SHORT-TERM RENTALS

RECOMMENDATION:

This item is for discussion and direction only.

BACKGROUND:

In November 2019 the City was in the process of updating the Short-Term Rental Ordinance (STR). At that time the Ordinance was never adopted and the City Council directed staff to return to Council once 20 permits for STRs had been issued. In October 2024 STR permit numbers 18 and 19 were issued. At that time a permit for a twentieth STR was pending, it has since been withdrawn.

DISCUSSION:

The City currently collects TOT from 24 establishments. Of the 24 establishments 6 are hotels/Inns and 3 STR are confirmed to be inactive. The 24 does not include the two STR approved in October 2024.

Since Fall 2022, 7 STR permits have been issued.

It took five years to reach 20 short term rentals.

To date there have not been many issues with short-term rentals. We have not experienced issues with party houses or absentee owners. The City tested an STR rental monitoring service, a company that tracks rentals in an area for a fee to help with enforcement. The number found matched the number of registered businesses, so we believe that nearly all people are complying with the requirement to get a business license and pay TOT tax. Our current policy seems to be working pretty well, with minimal overhead.

Staff believes that Council may want to consider some policy changes in the following areas:

- Safety
 - o Jackson currently does an inspection before granting a STR business license. Consider the cost and benefit of requiring an inspection as part of the process. The City could require submission of the house handbook that identifies some

safety issues such as locations of fire extinguishers and how to turn off the utilities. Any inspection would incur additional cost of time for building inspector.

- Neighborhood Character/Cohesiveness: People buy or rent in a neighborhood expecting to have neighbors not a hotel next door. We have not detected a concentration of STR's in any particular residential zones but this could be a concern in the future. Council could consider a different policy for the downtown commercial districts or multifamily housing zones vs low density R1 and other zones. Any policy should consider the benefit vs the cost of administration. Equity rules need to be devised to determine who could hold an STR business license and for how long if the supply is limited in an area.
 - o Ideas could include:
 - Limiting the number of STRs within an area such as a block/neighborhood.
 - Limiting the total number of STRs in all low density residential zones in aggregate
 - Business licenses could expire each year, with a first come, first served renewal process. Random lottery if oversubscribed.
 - Treat owner occupied short term rentals differently from "whole house" short term rentals.
- Availability of long-term housing
 - o Capping the percentage of units overall within the City that can be rented as a STR. Property owners are always free to rent properties as long term rentals.
 - o Business licenses could expire each year, with a first come, first served renewal process. Random lottery if oversubscribed.

At this time staff is asking for direction:

1. Should a new policy be devised or not?
2. If not, should staff return when STRS reach another threshold, such as 30 permits?
3. If yes, several options are available:
 - a. See how other similar cities are regulating STRs and bring back additional information for discussion.
 - b. Proposed a new Short Term Rental Ordinance that addresses the following:
 - i. What type of units can be rented (Main house, ADU, accessory structure) and in what zoning districts
 - ii. Owner occupied vs non owner occupied
 1. Should there be a limit on the number of days a non-owner occupied unit can be rented?
 2. Capping the percentage of units within the City that can be rented as a STR.
 3. Number of units on a street/block
 4. How can STR permits be distributed fairly?
 5. How do we prevent "hoarding" a license?
 - c. Fees:
 - i. Initial application fee
 - ii. Renewal fee