



Department Source: Housing & Neighborhood Services

To: City Council

From: City Manager & Staff

Council Meeting Date: May 6, 2024

Re: Amending Chapter 22, Article V (Rental Unit Conservation Law) for Short-term Rentals

## Executive Summary

An ordinance has been prepared to amend Chapter 22, Article V to add short-term rentals to the Rental Unit Conservation Law. This bill accompanies separate bills amending Chapter 13 (Business Licenses) and Chapter 26 (Lodging Tax).

## Discussion

The Rental Unit Conservation Law requires owners of rental properties to apply for Certificates of Compliance for each rental building that they own. Each rental dwelling unit must pass an inspection prior to receiving a Certificate of Compliance; once issued, a Certificate of Compliance expires after three years. Extension (renewal) without inspection is not allowed if a property is cited for code violations during the term of the Certificate. If a Certificate is renewed in three years without inspection, the rental property must be inspected again in a maximum of six years from the initial application.

The existing ordinance is designed for conventional residential long-term rental properties housing residents of the community. The proposed amendment would define short-term rental (STR) and related terms and subject STRs to the inspection requirements of long-term rentals. There are a number of provisions that apply specifically to STRs including a statement of the maximum number of nights annually that the dwelling is to be rented as a STR; a statement as to whether the dwelling unit is a principal residence; the contact information for a designated agent of the owner; and a list of web-site or other media platforms where the dwelling will be advertised for STR use. It also states that an owner that holds an active Certificate for Compliance for long-term rental at the time of application for an STR need not re-certify the heating and ventilation systems of the dwelling.

There is no proposal to amend the fee schedule other than to affirm that the application and inspection fees apply to STRs. Owners of rental properties pay an initial application fee of \$60 per building with an inspection fee of \$26 per dwelling unit. Additional fees are required for reinspection (\$43), failure to meet the inspector (\$34), and extension/renewal of a Certificate of Compliance (\$43) after three years. A third-party heating and ventilation systems certificate of inspection and approval is required to accompany applications and renewals for properties with fuel-burning appliances. That is an additional out-of-pocket expense for landlords/STR hosts or operators.



## Fiscal Impact

Short-Term Impact: Unknown. Assuming 300 STR units, the City would receive base revenues of \$25,800 for rental certificate applications and inspections (for this exercise it is assumed the new certificates would be for single-family structures and dwelling units in multi-unit structures are already in the system). Additional costs would result from the need to enter and manage applications; perform required inspections; and perform enforcement activities. The 300 figure represents net increases of approximately three percent of the rental buildings (approximately 10,000) and one percent of the rental dwelling units (approximately 28,000) currently in the City.

Long-Term Impact: Long-term, the City would receive a combination of application, inspection, reinspection, and application renewal fees to cover increased costs of administration.

## Strategic & Comprehensive Plan Impact

### [Strategic Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

### [Comprehensive Plan Impacts:](#)

Primary Impact: Primary, Secondary Impact: Secondary, Tertiary Impact: Tertiary

## Legislative History

Date	Action
February 5, 2024	B2-24 – Amendment to Chapter 29 to establish use-specific standards governing the operation of short-term rentals.
September 17, 2012	Ordinance 21425 Amending Chapter 22 of the City Code relating to the Rental Unit Conservation Law including fee increases
January 18, 2011	Ordinance 20848 Amending Chapter 22 of the City Code as it relates to over-occupancy in rental units

## Suggested Council Action

Approval of the proposed ordinance.