




TOWN OF FAIRFAX

STAFF REPORT

July 15, 2015

TO: Mayor and Town Council

FROM: Garrett Toy, Town Manager 

SUBJECT: Discuss policies regarding short-term/vacation rental of residential units

Continued from June 3rd meeting

RECOMMENDATION

Schedule a special Council study session to discuss the Town's policies regarding short-term/vacation rental of residential units.

DISCUSSION

At the May Council meeting, a resident indicated she could not obtain a business license for the short-term rental (e.g., Airbnb) of a room in her house. The Council directed staff to research the issue and report back at this meeting. Staff's initial review is that the Town's zoning code does not allow short term rentals as a principal use in residential zones, but such uses may be allowed with a conditional use permit.

This is very complex issue that many communities are struggling with. Locally, Tiburon and Sausalito have been actively discussing the issue at their Council meetings. A special study session would dedicate the time needed to discuss key policy issues including, but not limited, to the following:

- Should short-term/vacation rental of residential units be allowed? Is it a problem?
- If allowed, what should be the process to approve such a use (e.g., use permit, amend zoning code)?
- What are the impacts to a neighborhood of allowing such a use?
- What are the benefits to the Town?
- If permitted, should there be a maximum limit allowed in Town at any one time?
- Should only rooms, with the owner living on the premises, or the entire house/unit be allowed to be rented out?
- Would this impact the legalization and use of second units?
- How would staff enforce a prohibition or monitor compliance?
- How will the Town ensure that TOT (i.e., hotel tax) is collected on the rentals and remitted to the Town?
- Should parking be a consideration?
- Should the Planning Commission be directed to study the issue and make recommendations to the Council?

At a special study session, the Council could consider an incremental approach to the issue. Staff could be directed to undertake some actions which would allow the Council to take a "wait and see" approach to some issues and/or provide more time for the Council to discuss other key policy issues. It should be noted that the state legislation (SB 593-McGuire) to regulate the short-term/vacation rental of residential units is facing stiff opposition from such companies as Airbnb and is currently inactive, but Senator McGuire indicates he will "reactive" the bill and continue his efforts in January 2016.

FISCAL IMPACT: The potential exists to collect additional TOT revenues and business license fees.