

City of Piedmont
COUNCIL AGENDA REPORT

DATE: March 16, 2015
TO: Mayor and Council
FROM: Paul Benoit, City Administrator
SUBJECT: Consideration of Short Term Rentals

RECOMMENDATION:

Open the public hearing, take testimony from members of the public and provide comments and direction to staff.

INTRODUCTION:

In the past two years, Council Members and Staff have received a number of complaints from residents related to short term rentals. On July 21, 2014, as part of the City Council discussion of the Draft Housing Element, the Council directed staff to prepare a report on the subject for Planning Commission consideration and recommendation to the Council

The purpose of this report is to introduce the topic, so the Council may review the Planning Commission's recommendation, and convene a public hearing to hear public testimony concerning the advantages and disadvantages of such rentals. No formal action is required, but in response to Council direction, staff will conduct further research and will return at a subsequent meeting with legal implications of any policy direction received from the Council.

BACKGROUND:

What is a Short Term Rental?

A short term rental is defined by the limited amount of time a tenant (typically a visitor) rents a house or a portion of a house for several days or just one night. Many cities use 30 days or fewer as a definition of a short term rental. There has been a significant increase in such rentals, promoted in part by an influx of internet-based short term rental businesses, such as Airbnb, Flipkey, and Craigslist¹. Staff was quite surprised by the number of internet businesses that provide this type of service; there is even at least one search engine that covers the listings of 18 such businesses².

¹ Other companies include HomeAway, Roomorama, Stopsleepgo, TravelMob, Bedycasa, ZenRentals, WaytoStay, Interhome, Windu (and there are more)

² Tripping.com

These businesses typically provide on-line listings of properties owned by people who are interested in leasing their home or a portion of their home (in industry lingo, the “hosts”), for prospective tenants or “guests” who wish to rent in a particular location for a limited number of nights at a price they are willing to pay. The rental amounts vary widely by location, size, condition and amenity, but in general are less than the cost of a hotel room – and often far less³.

The companies typically collect a fee from the property owner to provide the platform for the listing which can range from 3% or more per booking⁴; and collect a fee from the renter, which can range from 5% to 10% per booking. Recently, some companies have started to provide extra services such as insurance or “satisfaction” guarantees” to address problems experienced by hosts. For example, listers on Homeaway.com can now purchase a \$59 policy for up to \$5,000 in damages, resulting from a San Francisco apartment that was trashed by the guests⁵. Most of these companies do not collect local taxes, but facing lawsuits from some large cities, a few companies have started to collect local taxes if required to do so⁶. The IRS also requires the companies to provide a W-9 form to the hosts.

There are generally two types of short-term rentals: those where the owner rents a portion of his/her residence or property and is on the premises during the guest’s stay, and those where the owner rents the entire residence and property, and is not present during the stay. The short term rental industry refers to these two types as “hosted” and “un-hosted” respectively.

How are Short Term Rentals Currently Regulated in Piedmont?

All un-hosted and most hosted short term rentals are currently permitted by the Zoning Code as follows, broken down by rental type:

Renting the Entire House: Property owners who wish to rent their entire house may currently do so for any amount of time.

Renting an Existing Approved Second Unit⁷ or a Rent- Restricted Second Unit⁸: Property owners with a legally approved second unit including a rent-restricted unit may currently rent it for any amount of time. Rent-restricted units may only be occupied by persons who meet the income eligibility criteria under the City’s Code. There are several reasons the City may not wish to allow second units – especially rent-restricted second units – to be used for short term rentals, which will be discussed further in this report.

³ The San Francisco Chronicle reports an ad for an \$18 couch for the night and a \$6,000 Pacific Heights mansion for a night. Carolyn Said, “Window into Airbnb’s hidden impact on S.F.”, SFChronicle.com, June 16, 2014

⁴ It is difficult to obtain the actual fees assessed by certain companies: the information is provided as part of the listing process

⁵ Kayleigh Kulp, “How to Safely Make Money on Short-Term Rentals”, FoxBiz.com, September 15, 2011

⁶ As an example, the Airbnb Terms and Conditions state: “In certain jurisdictions, Airbnb may decide in its sole discretion to facilitate collection and remittance of Occupancy Taxes from Guests on behalf of and in-lieu of Hosts, if such tax jurisdiction asserts Airbnb or Hosts have a tax collection and remittance obligation.”

⁷ Units that are not rent-restricted include Exempt units, Government Code units, Temporary units, Conditional Use Permit units, and Second Unit Permit units.

⁸ Rent-restricted units are limited by the maximum amount of income a tenant may possess, and a maximum amount of rent a property owner may charge, as a percentage of Alameda County median income.

Renting an Apartment: Property owners who wish to rent one or more apartments in one of Piedmont's multi-family buildings may currently do so for any amount of time. As a point of information, Piedmont has 66 apartments in multi-family buildings with 3 or more apartments.

Renting a Portion of the House: Piedmont residents wishing to rent out a room in their house for fewer than 30 days may not do so pursuant to Section 17.39.2:

- 17.39.2 *General.* *The owner of a single family dwelling unit in any zoning district is permitted to rent one or more bedrooms in the dwelling unit, when the circumstances fit the definition of a rented room at Section 17.2.58B:*
Rented room means the renting of a room or any combination of rooms within an existing single-family dwelling where:
- (a) *one or more rooms, including at least one bedroom eligible for use as a bedroom, is rented to a single lessee under a single rental agreement, not for the entire dwelling;*
 - (b) *for a minimum of 30 consecutive days;*
 - (c) *with the common use of the primary kitchen facilities, and with no temporary or permanent cooking facilities in the rented room(s);*
 - (d) *with either shared or separate bathroom; and*
 - (e) *those occupying the bedroom(s) do not function as a single family with the residents of the single family dwelling unit, as defined. (Ord. No. 703 N.S., 05/2012)*

It is important to note that any rental, whether for one year or one day, is subject to Piedmont's rental tax.

How do Other Similar Cities Treat Short Term Rentals?

Soon after staff began the research on this question, it was clear that several similar Bay Area cities were experiencing the same resident concerns as Piedmont, but almost nobody had developed and implemented a policy or change to their code to address the concerns. Those experiencing problems – including some with problems more extensive and serious than in Piedmont – were at the initial stages of figuring out how to address the issue. At the March meeting of the Alameda County Planning Directors, most indicated that their residents were starting to complain, and their Councils were starting to ask staff to look into the subject, but to date, none has actually developed any new policy changes. Larger cities have been working through the issues for some time, including San Francisco, which recently adopted changes amid heated controversy, reflecting both pro and con points of views. All of the jurisdictions, large and small, including those with existing regulations, are grappling with essentially the same problems which are briefly described below.

ISSUES RELATED TO SHORT TERM RENTALS:

Brief History of Short-Term Rentals

Short-term rentals of private single-family properties are not new, but have generally been rare except for tourist destinations, such as ski resort towns or beach communities. While some of the impacts are the same in these tourist-oriented communities, tourism is sometimes a primary “industry” where the long-term residents benefit from the tourists dollars, and adapt to the impacts. It is even the case that in

some tourist communities, a higher percentage of the properties are second homes or vacation properties, so the year-round residents are used to that type of residential use in their neighborhoods.

Traditionally, these short-term rentals were managed and serviced (listing, leasing, cleaning, etc.) by local real estate professionals. A few early web-based companies such as VRBO⁹ began performing that function on-line in the mid-1990s. But there is no doubt that the recent significant influx of short-term rentals in many communities (not just tourist destinations) is a result of the growth of web-based businesses, and the ease, convenience and lower costs of such on-line bookings. There is even a little bit of an “adventure” built in to renting someone else’s residence or room in lieu of a more predictable hotel room, that some people prefer. There are even companies such as Couchsurfer.com that match hosts with guests who do not pay to stay, with the premise that both host and guest benefit from the opportunity of meeting people from around the world.

Specific Issues Related to Short-Term Rentals

This new “share economy” business model relies on reviews of guests by hosts and hosts by guests that are posted to the listing site, and the internet is full of stories of happy hosts and guests who had very successful stays, and of return visits from guests. Many homeowners find the extra income and convenience of on-line booking/payment systems to be very attractive. But neighbors of properties with these short-term rentals are often not so enthusiastic about this new business type.

From the perspectives of the local governments, the issues related to short term rentals tend to be looked at in terms of land-use impacts, although there are also financial considerations. The most significant land use impact – and the basis for most complaints from neighbors – is the change in the single-family residential character of the neighborhood. The complaints from neighbors in Piedmont are generally focused on noise, parking and security. Not surprisingly, these complaints mirror neighbor complaints in other cities. People express frustration at the extra vehicles; taxis arriving at late hours; and people from different time zones talking and smoking in yards, on decks and behind open windows during night-time hours. They generally express concerns about feeling less safe with so many unknown individuals coming and going, and the lack of consideration for the long-term neighbors. Although Piedmont has not experienced it, some communities with large houses have had problems with guests renting an entire residence for one or two nights and throwing large parties, with the resulting parking problems, noise, excess trash, and general disruption. Other communities have experienced surges of concurrent short term rentals that are event-based, such as Ashland Oregon during the Shakespeare Festival, but this is not expected to be a problem in Piedmont.

Enforcement is also a problem shared by large and small communities. The transitory nature of the rentals leads to problems with enforcement in that the renter who creates a problem is often gone by the time a complaint is filed. For the same reason, the number and duration of short term rentals is very difficult for a jurisdiction to track for regulatory or taxation purposes. The problem is exacerbated by the reluctance (and in many cases, refusal) of internet companies to provide bookings information to local jurisdictions.

It is worth noting that within this new share economy business model are people – and companies – that

⁹ Vacation Rentals By Owner

believe that the industry should be self-regulating through reviews, and free of regulations and taxes. Notwithstanding this desire, most cities that have started to address short term rentals have established taxes and regulations, much the way a hotel or bed and breakfast is regulated. This leads to the next question: how are these short term rentals different from a hotel or bed and breakfast establishment?

Hotel v. B&B v Short-Term Rental

Internet-based short-term rentals are different from hotels and B&Bs in different ways. Hotels are almost always located in a commercial or business district, and occasionally in a higher-density multifamily residential district. Their primary function – their business – is providing multiple rooms for multiple guests under separate bookings, along with associated services such as meeting rooms, banquet facilities, and the like. Bed & Breakfast “Inns” are typically located in a large single-family house in a residential zone. Many B&Bs are similar to hosted short-term rentals – in fact, they *are* a form of short-term rental, in that the owner or manager is present; the difference is that B&Bs typically have several rooms for rent to different guests under separate bookings, and most short term rentals are just one or more rooms to one guest (which may include more than one person) under one booking at a time.

Despite the similarities and differences between Hotels, B&Bs and Internet-based short term rentals, neither the hotel nor B&B industries support the growth of this new type of rental due to the loss of market share. Both industries are regulated by zoning, are held to strict safety standards and inspections, and are often required to pay extra taxes (such as a transient occupancy tax). They express concern that many of these internet based short-term rentals operate under the radar of zoning, safety inspections and taxes at an unfair competitive basis. And because this is such a new type of use, it often *is* unregulated and untaxed.

Most cities that have developed codes or policies to accommodate these new internet-based short term rentals, have established registration and licensing requirements, zoning requirements, and business or occupancy taxes. They often adopt performance standards, such as a contact number for unhosted units, a log of all rentals and tenants, insurance requirements, etc. Many of them have reported difficulties with enforcement of all of the requirements, mostly because the individual hosts are either unaware of the requirements, or simply don't want to lose revenue through compliance requirements, registration fees and taxes. Many of the people who choose to rent their residence or portion of their residence do so simply for the extra income. In some instances, the income allows owners on a fixed or low income to stay in their residences. These are typically the hosted type of short-term rental. However, some owners have found that it is more lucrative to rent their entire residence to a series of short-term guests than long term tenants, and there are even examples in larger cities of owners who bought small multi-family buildings for the express purpose of using them for short-term rentals.

Just How Popular Is This?

Exhibit A, page 12 is a partial listing of short term rental ads on Airbnb and Piedmont NextDoor, as well as neighbor reported short term rentals from the fall of 2014 through February of 2015. From the Airbnb.com listings, some are new listings with no or a few reviews from guests, but there are a couple with many reviews, indicating continued use for this purpose over a period of years. It is not easy to tell what the addresses for these properties are (you must book the rental in order to get an address), but an on-line map gives a general location of the listing. Airbnb.com is just one of the companies and it

appears to have the most market share¹⁰, but it can be assumed that there are listings on Craigslist, and other internet-based sites.

Research of larger cities that have approved policies or codes show explosive growth of this type of rental. For example, the City of Portland, Oregon showed a four-year comparison of short-term listings on just Airbnb:

- January of 2011 = 107;
- January of 2013 = 863 an increase in two years of 706%;
- January of 2014 = 1,302 an increase in one year of 50.9%;
- Between January and April of 2014 = 1,572 an increase in four months of 20.7%

Last year, the San Francisco Planning Department staff conducted a survey and “conservatively estimates” that at any one time there are 4,000-5,000 un-hosted units that have been removed from the City’s long-term housing stock for short-term rentals, or about 1.3% of the City’s residential units. The 2010 Census reports that Piedmont has 3,924 residential units, so 1.3% would be a little more than 40 units. Staff believes the number in Piedmont is significantly lower because Piedmont doesn’t have the tourist draw San Francisco has. From complaints and occasional surveys of Airbnb, Craigslist and the NextDoorUpperPiedmont and NextDoorLowerPiedmont sites, staff believes there are about 5-10 active hosted and un-hosted units at any one time.

Legal Issues

Many of these short term rental internet listing “platforms” claim that they do not rent room space, and simply provide a location where hosts and guests can “share” room space¹¹, and because this industry did not even exist 15 years ago, it is not surprising that there are a number of legal challenges (typically involving large cities) as the companies and communities adjust to this new form of business model. Communities are seeking regulatory control and revenue through taxation, and the companies are chafing at both. Like with other internet-based businesses, such as the ride-share taxi alternatives¹², current and future lawsuits will establish legal parameters through case law that will affect how these internet based companies do business.

One of the most contested issues is related to taxation, and cities such as New York, Paris, and many others have sued to obtain tax revenue, and the anticipated revenue can be significant. It is estimated that San Francisco will collect about \$11 million annually through its 14.5% hotel tax¹³. San Francisco also requires short term rental units to be owned by full-time residents, in an attempt to prevent landlords from diverting housing units from needed long-term rental use to more lucrative short term rentals. However, Homeaway is suing the City claiming that this requirement violates the US Constitution’s Commerce Clause¹⁴.

¹⁰ Airbnb.com is a company valued at \$10 billion: Kim-Mai Cutler, “San Francisco Legalizes, Regulates Airbnb With 7-4 Vote, Lots of Amendments”, Techcrunch.com, November 7, 2014

¹¹ Jordan Ferguson and William Priest, Best Best & Krieger Law, BBK Law Local Government, “A Taxing Problem: How to Regulate Online Vacation Rental Marketplaces”, October 24, 2014

¹² Companies such as Uber and Lyft

¹³ “Amid Protest, SF Mayor Signs Into Law Airbnb Legislation”, sfexaminer.com, December 4, 2014

¹⁴ “HomeAway Sues San Francisco to Block So-Called Airbnb Law”, Techcrunch.com, November 3, 2014

ISSUES RELATED TO PIEDMONT:

As a small city with closely connected residents, there are a number of issues to be considered given Piedmont's unique built-out character of almost exclusively single-family houses in close proximity to each other. Something else unique, is that almost all of the existing known short term rentals listed, are in the northern and western sections of the City, as indicated in Exhibit B, page 13. These are the areas of the City that generally have the smallest lots, and often have more congested parking. These may also be the neighborhoods of Piedmont residents who could benefit most from the extra income of short term rentals. Some of the issues for consideration, including advantages and disadvantages broken down by housing types, are provided below.

Advantages of Short-Term Rentals

Renting an Entire House. The advantages of this type of rental are primarily to the property owner or lister. For people who are renting their entire home, they often can get more income from several short-term rentals than for a single long-term rental. They also don't have somebody in their house all the time, which adds flexibility for Piedmonters who have a second home, and who want to use their Piedmont residence occasionally. The advantage to a guest is that an entire house can accommodate an entire family, and has more privacy without an on-site host.

Renting a Second Unit. Again, the advantage is to the owner/lister, who can make more income on a series of short-term rentals than a long-term tenant. Guests have more privacy than if they were renting a room in a house, and a lower cost than renting an entire residence.

Renting a Room in a House. Once more, the advantage is to the owner/lister, but in this situation, it might possibly be an important source of income that would allow a fixed-income person, typically a retired senior, to supplement their income without having to share their home 365 days a year. As a reminder, this type of rental is not currently permitted for fewer than 30 days. The advantage to the guest is lower cost due to a lack of private kitchen facilities, and even in some cases, lack of a private bathroom.

Advantages to City. For all of the above rental types, the advantage to the City is not clearly known. It is possible that the taxable revenue from short term rentals would be sufficiently higher than the taxable revenue of long-term rentals, despite fewer rental days. However, it should be noted that the vast majority of the owners of these short-term rentals are not paying rental taxes at all, even for the rentals that are currently not illegal (i.e. renting a house, an apartment or a second unit that is not rent-restricted).

As a point of information, of the two properties that have come forward to pay taxes on their short term rentals, one provided a 1099 IRS form from Airbnb for 8 months of rental payments totaling \$42,116, and the other of \$25,921 for 12 months of rentals¹⁵. It is noted that these two properties are also the properties listed on Airbnb.com with the most reviews from guests, presumably an indication that they have the most rentals compared to other properties in Piedmont.

¹⁵ The business license taxes to Piedmont are \$587.52 and \$361.60 respectively

Disadvantages of Short-Term Rentals

The disadvantages of short term rentals is primarily to the neighborhood residents. While it could be argued that the fewer nights of “extra” people in the neighborhood compared to long-term rentals of houses and/or rooms will result in less noise, parking congestion and traffic, most of the complaints received relate to the comings and goings of strangers and associated safety and security concerns. While it is not known whether or not there have been crimes associated with short term rentals in Piedmont, it is clear that there have been crimes associated with this type of rental elsewhere, and many of these crimes are hard to police. Most of the people who took the initiative to contact the City or wrote to the Planning Commission in advance of the Commission’s September meeting, do not want this type of rental in Piedmont. Additionally, many of the known addresses of people renting on a short-term basis were brought to the City of Piedmont’s attention by residents who called with complaints about noise, rudeness, traffic, and safety. Most residents who express concern, point out that short-term renters cannot establish themselves as part of the community, and are not as considerate when it comes to noise and parking.

Business Equity

Piedmont does not have the business equity problem of most jurisdictions, because we have no hotels, motels or B&Bs. In fact, an argument could be structured that Piedmont has a higher need for short term rentals precisely because we have no other options for out-of-town guests. In fact, several reviews made by guests after a Piedmont short term stay centered around the convenience of being near family and friends when visiting for a wedding or other family gatherings.

Effect on Housing Element

Staff has significant concerns about the effect of short term rentals on the City’s housing supply, especially the more affordable second units. The City has worked hard at meeting our Regional Housing Needs Assessment by providing second units and room rentals (for more than 30 days) as a way of providing lower cost housing while maintaining Piedmont’s single-family character, without the need to up-zone that has been required in other communities. Our success with our second unit program created good will with the State in our most recent Housing Element update, avoiding some of the new restrictions and obligations other jurisdictions are being required to adopt. Each house, second unit or room rental that is rented for short periods to different people, are units that are not providing needed housing to people who wish to reside in and create ties with the community. Staff is concerned that the loss of Piedmont’s only long term affordable housing could jeopardize our Housing Element update in the next cycle.

OPTIONS FOR CONSIDERATION:

Given the Council’s direction to investigate short term rentals, and based on an understanding of some of the advantages and disadvantages, there are several ways the City can address them. For all of the options, staff would need to work with the City Attorney so that the policies are developed in compliance with State and Federal law.

The following are different options for consideration, along with changes to the Municipal Code (if needed) that would be required.

Prohibit all Rentals for Fewer than 30 Days

This would mean that no rentals of fewer than 30 days – hosted or un-hosted – would be permitted in the City. This would not prevent Piedmonters from renting their house for a few months in the summer or for a six-month sabbatical. Implementation of this option would require a Code change to prohibit single-family residences and second units from being rented for fewer than 30 days. It would not prevent existing Piedmonters from renting a room under a single tenancy for more than 30 days.

Permit Un-Hosted Short Term Rentals of fewer than 30 days

This would allow rentals of either a house or an apartment without the property owner being present. No change in the Municipal Code is needed, as this is currently allowed.

Permit Hosted Short Term Rentals of fewer than 30 days

This would allow hosted rentals of second units that are not rent-restricted or rooms in a house if the owner was present. In the case of the second units, no change in the Municipal Code would be needed as this is currently allowed, but in the case of rooms in a House, an amendment to Section 17.39 of the Municipal Code would be needed, as this is currently prohibited.

Under any of these options, it is anticipated that there would be a certain number of people who would not comply, especially since almost all of the current owners with short term rental listings have been operating “under the radar” and violating either zoning or business license laws.

Options for Regulations and Restrictions

Possible regulations regarding short term rentals include the following:

1. Discretionary Application: Under this option, owners seeking approval to use their property for short term rentals would apply for approval, much the way some second units applications are made. The process could involve notice to the neighborhood, and the decision would be discretionary, enabling the Planning Commission or City Council the opportunity to assess potential site-specific impacts, such as adding additional vehicles to an already congested street, or the number of other properties in the immediate neighborhood that have been approved to have short term rentals.
2. Ministerial Registration: Alternatively, owners of short term units could be required to simply register their units with the City. As part of the registration, owner’s contact information would be provided to the City should the Police Department need to contact owners to address a problem during a rental. Like the issuance of a building permit, this decision would be ministerial: the approval would be granted if certain performance standards are met, such as a safety inspection.
3. Regular Safety Inspections: Owners of registered units could be subject to regular inspections to make sure that rented spaces meet Building Code requirements for safety, such as adequate egress and working smoke and carbon monoxide detectors.
4. Taxation: Taxing this type of enterprise would provide a fairness equity for owners of long-term rentals who are already taxed, and would help off-set the City’s costs to respond to neighbor complaints or other enforcement activities. The tax could be in the form of a transit occupancy tax, which is

assessed up-front, or use of the current rental tax¹⁶ which is based on the prior year's income receipts.

5. Fees: Fees could be assessed for costs associated with application processing and inspections.
6. Performance Standards: The City could establish performance standards or limitations to reduce impacts to neighbors. For example, the City could require residents to carry liability insurance, and could limit the number of nights a host could rent his/her property¹⁷, or the number of guests at any one stay. Some cities require hosts to post the operating license in a visible area inside the rental space, as seen in the City of Austin, Texas' Short Term Licensing Program information sheet, Exhibit C, page 14.
7. Regulation to Prevent De-Facto Short Term Boarding Houses: Should the City permit hosted or un-hosted short-term rentals, the City should consider restrictions that would prohibit a property owner from having multiple concurrent rentals of their property.

PLANNING COMMISSION HEARING AND DISCUSSION:

On September 8, 2014, the Planning Commission held a noticed public hearing to consider the range of issues and options related to short term rentals. As you can see in the meeting minutes Exhibit D, page 15, the Commission unanimously recommended that short term rentals be prohibited in Piedmont. In general, the Commission responded to community concerns that short term rentals were contrary to Piedmont's single-family character, noting the comings and goings were disruptive, and citing safety and security concerns. The Commission expressed concern that the enforcement costs would outweigh any potential revenue that would be generated. Finally, the Commission noted that there is evidence that allowing short-term rentals takes housing off the market for full-time occupation by community residents which could adversely affect the City's Housing Element and make it more difficult for the City to meet its assigned housing allocations.

Since the Commission meeting, staff has been contacted by two short term rental hosts, who believe that there are more people in the community who support this type of use. Staff have begun to develop a list of names of people on both sides of the issue who want to be included in notices of hearings. It is possible that through press coverage of the Council discussion, more Piedmonters will provide comments at future meetings.

CONCLUSION AND NEXT STEPS:

Short-term rentals are a very fast-growing business, with advantages and disadvantages. They provide a range of rental units at a price that is typically lower than a hotel or B&B, and a convenient booking system desired by both host and guest. Property owners benefit from being able to have another option to earn residential rental income. However, these rentals pose potential noise and parking impacts on

¹⁶ The current rental tax is assessed annually based on rent collected for the prior year. The tax is a minimum of \$200 or gross receipts x .01395, whichever is greater. Property owners are required to provide tax receipts, lease agreements, or the Federal Form 1040 as proof of rent collected.

¹⁷ The City of San Francisco requires homeowner liability insurance and limits un-hosted units to a maximum of 90 nights per year: "Enforcement Issues Remain as San Francisco's Airbnb Law Takes Effect" kqed.org/news, February 2, 2015

established neighborhoods, with associated concerns related to safety and enforcement. Finally, staff has concerns that this type of rental takes second units off the market for housing needed by people who desire to live in Piedmont, especially the lower cost units.

One of the goals of any hearing is to gauge community opinion, and this topic has received few comments from Piedmont residents, probably because most residents are unaware that the topic is being discussed at the Council level. Staff contacted the press, and sent a notice to people who requested to receive notices of the Housing Element update, but often the public finds out about an important topic *after* a Council meeting simply because the press comments on the Council discussion. To allow for more notice, the Council can continue the hearing for more discussion at the Council level; alternatively, the Council can provide direction and refer the matter to the Planning Commission for a formal recommendation that will be scheduled for final action by the City Council.

Finally, staff has not found any community that has permanently prohibited all short term rentals. Should the Council direct staff to pursue a prohibition policy, it is recommended that staff and the City Attorney conduct further research and return to the Council with the legal implications of adoption of this policy.

Prepared by Kate Black, Planning Director

ATTACHMENTS:

Exhibit A	p.12	Partial List of the Short-Term Rental Listings in Piedmont
Exhibit B	p.13	Map of Short Term Listings by Area in Piedmont
Exhibit C	p.14	City of Austin Short-Term Rental Licensing Program
Exhibit D	p.15	September 9, 2015 Planning Commission Meeting Minutes (abridged)
Exhibit E	p.17	Public Comments

**Partial Short Term Rental Listings
Fall 2014 – March 2015**

Approx. Location	How Known	Hosting Status	Unit Type & Notes	Price/Night	# of Reviews	Starting Date*
Blair	Airbnb Ad	Un-hosted	House	\$345	4	4/14
Fairview	Airbnb Ad	Hosted	Bedroom in house (can also rent house)	\$65	35	5/12
Fairview	Neighbor Reported Airbnb Ad	Un-hosted	House	\$200	24	5/14
Grand	Airbnb Ad	Un-hosted	House	\$195	1	11/11
Harvard	Airbnb Ad	Un-hosted	House	\$250	3	6/11
Kingston	Neighbor Reported	Hosted	Lower level rooms	??	0	n/a
Lake	Airbnb Ad Confirmed by owner	Hosted	Studio apartment (not legal second unit)	\$125	60	3/12
La Salle	Nextdoor ad	Hosted	Lower level of house	??	n/a	n/a
Linda	Airbnb Ad	Hosted	Bedroom in house	\$86	0	8/12
Linda	Airbnb Ad	Un-hosted	House	\$300	1/3**	8/12
Langdon	Airbnb Ad	Hosted	Spacious Suite	\$80	4**	2010
Maxwelton						
Moraga	Airbnb Ad	Un-hosted	3 Brm House	\$312	0	1/15
Oakland	Neighbor Reported	Un-hosted	House	??	0	n/a
Oakland	Neighbor Reported Airbnb Ad	Un-hosted	House with Pool	\$300	1	8/13
Oakland	Airbnb Ad	Un-hosted	House	\$220	2	8/14
Pala	Airbnb Ad	Un-hosted	House	\$350		4/13
Palm	Airbnb Ad	Hosted	Room	\$50	18**	1/15
Park W	Airbnb Ad	Un-hosted	House	\$460		10/13
Ranleigh	Airbnb Ad	Hosted	House (tenant placed ad and stays in non-legal downstairs “in-law” suite)	\$135	7	6/13
Rose	Airbnb Ad	Hosted	Room (possible tenant rental)	\$50	7	6/13
San Carlos	Neighbor Reported Airbnb Ad	Un-hosted	House	\$595	3	8/12
Scenic	Airbnb Ad	Hosted	Detached Second Unit	\$80	2	8/14
Wildwood	Airbnb Ad Nextdoor Ad	Hosted	Room	\$60	4	1/0
Winsor	Neighbor Reported	Hosted	Rooms	??	n/a	n/a

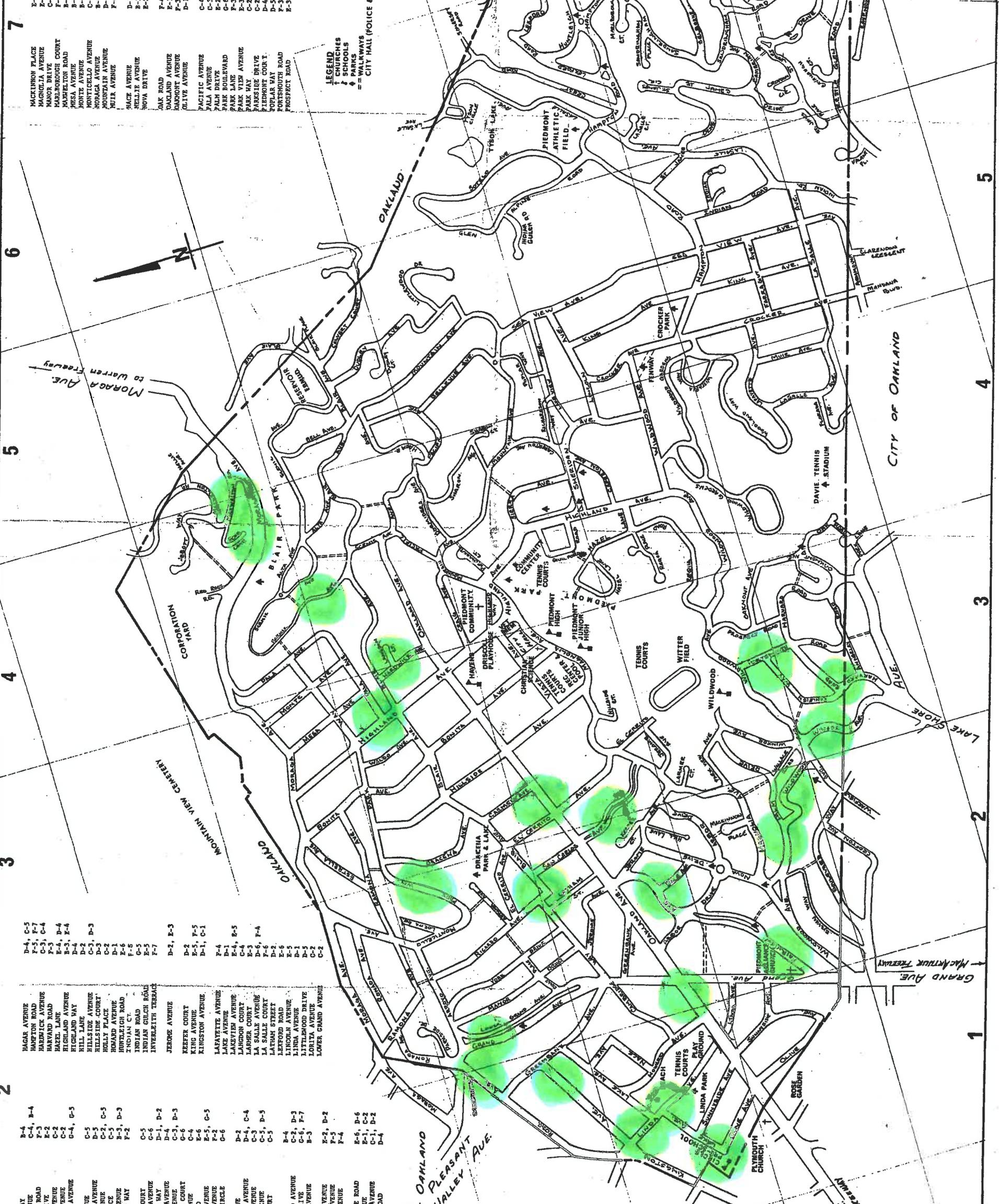
* = Starting date of Airbnb membership; ** = reviews are of owners as guests, not hosts

EXHIBIT B

- 7
- F-2
- F-2, D-3
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- C-2, B-4
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- C-2, B-5
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- MACLENNON PLACE
- MAGNOLIA AVENUE
- MANOR DRIVE
- HARBOROUGH COURT
- MESA AVENUE
- MONTICELLO AVENUE
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- MOUNTAIN AVENUE
- MULIA AVENUE
- SPACE AVENUE
- WELLS AVENUE
- NOVA DRIVE
- OAK ROAD
- OAKLAND AVENUE
- MACMONT AVENUE
- OLIVE AVENUE
- PACIFIC AVENUE
- PALM AVENUE
- PALM DRIVE
- PARK BOULEVARD
- PARK LAKE
- PARK VIEW AVENUE
- PARK VIEW AVENUE
- PARKSIDE DRIVE
- PIEDMONT COURT
- TOPLAR WAY
- FORTSMOUTH ROAD
- PROSPECT ROAD

LEGEND
 CHURCHES
 SCHOOLS
 PARKS
 WALKWAYS
 CITY HALL (POLICE & FIRE)



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- ORD ROAD



City of Austin Short-Term Rental Licensing Program

ORDINANCE #20130926-144

approved on September 26, 2013 amended City Code Chapters 25-2 and 25-12 which provide for the regulation, monitoring and licensing of short-term rentals (STRs).

SHORT-TERM/ VACATION RENTALS

are the rental of a residential dwelling unit or accessory building on a temporary basis for periods of **less than 30 consecutive days**.

The Austin City Council passed an ordinance effective October 1, 2012, requiring registration of short-term rental properties.



For Austin residents and visitors seeking a place to stay for a short period of time, renting a house has become an increasingly popular option.

These "**short-term rentals**", sometimes called vacation rentals or STRs, offer flexibility, a more authentic Austin experience for visitors, and can provide a source of income for the property owner.

The City of Austin requires owners wishing to lease their property as a vacation rental to license it with the **Short-Term Rental Licensing Program**.

As of **January 1, 2014**, multifamily properties (including apartments and condos) will also require a short-term rental license.

LICENSING PROCESS

- **COMPLETE** a City of Austin Short-Term Rental Application Form (available online or at designated city offices)
- **SUBMIT** the following to the City of Austin, Code Compliance Department:
 - Short-term Rental Application**
 - \$285 Fee**
 - \$235 Annual Licensing Fee
 - \$50 Notification Fee
 - Proof of Property Insurance**
 - summary or declarations page from current insurance policy
 - Proof of Payment of Hotel Occupancy Taxes** (if applicable)
 - Certificate of Occupancy OR Certified Inspection**
- **ALLOW** 3-5 business days for processing and approval.
- **POST** the operating license and short-term rental information packet (which will be mailed) in a visible, common area, inside the rental property.

PIEDMONT PLANNING COMMISSION

Regular Meeting Minutes for Monday, September 8, 2014
(Abridged)

A Regular Session of the Piedmont Planning Commission was held September 8, 2014, in the City Hall Council Chambers at 120 Vista Avenue. In accordance with Government Code Section 54954.2(a) the agenda for this meeting was posted for public inspection on August 25, 2014.

CALL TO ORDER

Chairman Ode called the meeting to order at 5:00 p.m.

ROLL CALL

Present: Commissioners Phillip Chase, Susan Ode, Louise Simpson, Tony Theophilos, Tom Zhang and Alternate Commissioner Eric Behrens

Staff: City Planner Kate Black, Assistant Planner Kevin Jackson, Planning Technicians Jennifer Gavin, Janet Chang and Lauren Seyda and Recording Secretary Chris Harbert

Council Liaison: Councilmember Tim Rood

Short-Term Rentals

Per City Council direction, the City Planner introduced the topic of short-term (less than 30 days) property rentals in Piedmont for Commission discussion. The Planner stated that she and the Council have received complaints from neighbors regarding such rental activity and noted that cities across the country are also dealing with this issue. She outlined the various options available for permitting, prohibiting, regulating or restricting such rental activity, noting that the City Council is seeking advice from the Commission as to how to proceed.

Correspondence was received from: Nancy Herbert; Patty White; Gail Ramsey; Alicia Gruber, Teddy King

Public testimony was received from:

Linda Horne voiced support for allowing short-term rentals in Piedmont as a potential revenue stream for the City through regulation fees and taxes. She felt such rentals add to Piedmont's diversity, provide an opportunity for family and friends visiting Piedmont residents to stay nearby during their visits, and provide an income source for Piedmont residents. She felt that since it is essentially impossible to prevent such rentals given the popularity of numerous internet sites, the City should regulate and tax their occurrence.

The Commission was unanimous in its support for prohibiting short-term rentals in Piedmont, citing the following reasons: (i) contrary to Piedmont's single-family character; (ii) neighborhood and public safety/security concerns arising from stranger/transient rental occupancy -- criminals could take advantage of short-term rentals to "case" neighborhoods in advance of burglary plans or other nefarious activity; (iii) such rentals do not add nor enhance diversity since short-term occupants do not integrate into the community; (iv) most neighbors of short-term rental properties find such activity to be very disruptive and intrusive because of the comings and goings at all hours by strangers who are not known nor connected to the neighborhood or

community; (v) the difficulties and staff effort involved in enforcing regulations/taxation far outweigh any potential revenue that would be generated; and (vi) there is evidence that allowing short-term rentals takes housing off the market for full-time occupation by community residents. This could adversely affect the City's Housing Element and make it more difficult for the City to meet its assigned housing allocations. Based upon the Commission's discussion and direction, the City Planner stated that she would work with the City Attorney in developing a policy and, if necessary, proposed City Code amendments to prohibit short-term rentals in Piedmont. The proposed policy would then be submitted to the Commission for review and recommendation to the City Council.

September 7, 2014

Re: "AirBNB", etc.

I am definitely against short term rentals in Piedmont. But, if they can't be stopped, please issue strong rules, regulations, controls, fines and, if possible, a law so as to deter their continuance in Piedmont. Also, taxes of course.

Sincerely,
Nancy E. Herbert
(Mrs. Charles E.)
Fairview Ave
Piedmont, CA 94610

RECEIVED

SEP 08 2014

PUBLIC WORKS
CITY OF PIEDMONT

Kate Black

From: on behalf of Ramsey, Gail L AUX
Sent: Tuesday, August 26, 2014 10:05 AM
To: kblack@ci.piedmont.ca.us
Subject: Short Term rentals in Piedmont

Kate,

As a long term resident of York Drive, I want to make it very clear how much I am against "short term rentals" in Piedmont. We have a very close-knit street and look out for our neighbors. We all try to be very aware of who comes and who goes.

Short term rentals have a history of all the negative things that we, as residents of Piedmont, have tried to avoid by paying the very high taxes that we endure.

Our property values will come down, with "short term rentals" and bring a great unease in our otherwise current healthy area.

Respectfully,

Gail L. Ramsey

COMO Gail L. Ramsey
Primary e/mail:
Office Phone:
Cell:

DIRAUX OFFICE HOURS: 0730 to 1530 Mon thru Thurs ID card and New Member Processing Mon thru Wed 0730 to 1300 By Appointment Only Personal Protective Equipment (PPE) issue, by appointment only.
Tuesday is the designated "AUX Tuesday" walk-in days when most of the staff is available for customer service.
ALL SERVICES ON FRIDAYS ARE BY APPOINTMENT ONLY.
DIRAUX E/Mail Address:

Kate Black

From: Alicia Gruber
Sent: Tuesday, September 02, 2014 12:39 PM
To: Kate Black
Cc: Teddy Gray King
Subject: Re: Short Term Rentals

Thank you Kate.

Please feel free to share my email/comments with other interested parties.

Are you able to disclose who brought this agenda item forward (i.e. who is a proponent of using our homes as hotels)?

Also, if the City approve short-term rentals (< 30 days) is there anything that would preclude me from renting my house for a night to a fraternity member at UC Berkeley and allow them to have a big party at my home?

What if my parents wanted to rent their estate at _____ out for 1 week at a time? Would they be allowed to rent to individuals who in turn opt to have large wedding ceremonies/receptions at their home?

Many people have expressed interest in getting married on their property and you can imagine how easy it would be for me to list it on Airbnb.com and have it occupied by large groups of strangers year round. My husband and I could quit our day jobs and live off the rental income. What a fantastic way for us to fund my dream home on the Big Island!

For the record, we would never do this. I am trying to make the point that such a policy (i.e. short term rentals) is a very slippery slope and has the potential to destroy the community overnight.

a

On Tue, Sep 2, 2014 at 11:49 AM, Kate Black <kblack@ci.piedmont.ca.us> wrote:

Dear Dr. Gruber,

Thank you for your comments concerning short-term rentals.

I have taken the liberty of adding your email address to the list of Piedmont residents who wish to receive future emailed notices and staff reports concerning this topic. Please let me know if you do not wish to received the notices and reports.

The Planning Commission will discuss this topic at their regular meeting on Monday, September 8, 2014. The meeting will begin at 5:00 p.m. in the City Hall Council Chambers, 120 Vista Avenue, Piedmont, CA 94611. The staff report will be provided to you when it is complete. A copy will also be available in the Public Works Department at City Hall.

9/2/2014

You are encouraged to attend the meeting and express your opinions and ideas. Alternatively, you may wish to watch the Planning Commission hearing live or the next day on KCOM, cable 20 or by logging on to the city's website at www.ci.piedmont.ca.us: on the right hand side of the homepage under the "City Council" heading, click on the "Online Video" link, then scroll down under the "Sections on this Page" heading, click on the "Planning Commission" link, then on the "September 8, 2014" heading, click on the "In Progress" (live) or "Video" (next day) link, and scroll down to Agenda #10 and start watching!

I will forward your email to Council Member King to the Planning Commission unless you would prefer to send them one directly. Please feel free to contact me if you have any questions. My direct extension is 420-3063.

Sincerely,

Kate Black
City Planner

-----Original Message-----

From: Alicia Gruber [mailto:
Sent: Saturday, August 30, 2014 8:35 AM
To: Teddy Gray King
Cc: kblack@ci.piedmont.ca.us
Subject: Short Term Rentals

Teddy-

Please reassure me that the City Council is not going to seriously consider short term rentals through Internet sites?

I have lived here for 40 years and have never heard of a City Council considering such a ludicrous policy as allowing homeowners to rent their homes out as hotel rooms.

I am sure you can imagine all the reasons NOT to allow this.

Have you heard a single argument as to how this policy would benefit our Community?

a

Kate Black

From: Patty White
Sent: Tuesday, August 26, 2014 9:37 PM
To: Michael Gardner; Betsy Andersen; Gregory Young; Sue Lin; Lyman Shaffer; John Ehrlich
Cc: Vice Mayor Fujioka; Jeff Wieler; Teddy Gray King; Bob McBain; trood@ci.piedmont.ca.us; pbenoit@ci.piedmont.ca.us; Chief Rikki Goede; Dana Fox; Lu de Silva; Matt Lifschiz; John Moilan; John Tulloch; Kate Black; Lori Salamack; Larry & Helen Rosenberg; chester nakahara; Gray Cathrall; Dave Perez; Angie; Dan; Dean Barbieri; Barbara Danoff; Geoff Grote; Amy Jo Goldfarb; Michelle Heafey; brendan@heafeycommercial.com; andrew.wendel@ms.com; ellen Fucigna; Anne Marie Miguel; Terry Taylor; Nadia Pacult; Kuks
Subject: Fwd: Short-Term Rentals in Piedmont

Hi Committee Members!

I've encouraged our CC to address short-term rentals for some time. I feel STRs are very bad for our residential community. Piedmont law currently requires a 30-day minimum rental.

Several Piedmont residents now frequently advertise their homes for very short-term rentals on the sites Kate Black references below.

Though our children are grown, I worry that Short Term Renters could be pedophiles, drug dealers, burglars. I'm not trying to be Henny-Penny, but I truly worry about Piedmont's kids being assessed for future abuse. One-night rentals could be for drug deals or casing neighborhoods.

I urge the members of the PSC to put this on your agenda, discuss the implications for our community, and vote against allowing strangers to rent in our neighborhood for less than thirty days.

Best Regards to you all,
Patty White

Begin forwarded message:

From: "Kate Black" <kblack@ci.piedmont.ca.us>
Date: August 25, 2014 at 4:53:15 PM PDT
To: "Kate Black" <kblack@ci.piedmont.ca.us>
Subject: Short-Term Rentals in Piedmont

Dear Piedmonter,

I am writing to let you know that as directed by the City Council, the Planning Commission will hold public hearing and discussion concerning short-term rentals, such as those booked through internet sites like Airbnb, Craigslist, Flipkey, etc.. The meeting will be held Monday, September 8, 2014 at 5:00 p.m. in the City Hall Council Chambers, 120 Vista Avenue, Piedmont, CA 94611. The staff report will be provided to you when it is complete. A copy is also available in the Public Works Department at City Hall.

8/29/2014

You are encouraged to attend the meeting and express your opinions and ideas. Alternatively, you may wish to watch the Planning Commission hearing live or the next day on KCOM, cable 20 or by logging on to the city's website at www.ci.piedmont.ca.us: on the right hand side of the homepage under the "City Council" heading, click on the "Online Video" link, then scroll down under the "Sections on this Page" heading, click on the "Planning Commission" link, then on the "September 8, 2014" heading, click on the "In Progress" (live) or "Video" (next day) link, and scroll down to Agenda #10 and start watching!

Please feel free to email comments to me at kblack@ci.piedmont.ca.us, send them via US mail to Planning Commission, c/o Kate Black, 120 Vista Avenue, Piedmont, CA 94611, or drop them off at City Hall.

You are receiving this notice because you indicated an interest in this subject in the past. Please let me know if you do not want to receive future notices of this topic.

Thank you for your interest.

Kate Black
City Planner

Item #6 – Consideration of Options Regarding Short Term Rentals
Correspondence Received Before 4:00PM on Monday, March 16, 2015

I agree with the commission recommendation that there be No Short Term rentals for any Piedmont property.

Thank you.

William Wexelblatt

I have seen first hand - and it has been widely reported nationwide - short term rentals ala Airbnb seriously erode/wipe out availability of affordable housing wherever it is permitted to grow and flourish.

If we already have rules against rentals shorter than 30 day in duration than enforce those rules and create serious fines for violators.

I have tried to find affordable rental housing for seniors in Los Angles as well as SF in the past six months. Both are almost non existent. A quick look at Craigslist rentals will show the preponderance of rentals are nightly: Airbnb or the like.

This City already is in dire need of affordable housing and doe not meet state requirements for same. Why allow rentals that will further eliminate what is available to rent long term? No reason to benefit a few at the expense of the majority. I have not even addressed the other problems that arise from daily rentals. I am concerned about noise, security, etc. I do not want to live in a community whose residents ate permitted to flout the existing laws and change the character and safety of a community by so doing.

Nancy Menke

Dear Piedmont Council Members:

I am writing this letter in support of the right of Piedmont homeowners to make portions of their residences available for hosted short term renting. In short, the benefits to the community and the increased tax revenue that hosted short term rentals bring outweigh the purely theoretical concerns that a few isolated individuals have raised regarding such rentals. We believe that that the best solution is one that permits hosted short term rentals but allows the city to regulate such rentals and share in the revenue that flows in from them.

I have had the opportunity to review the March 16, 2015, Council Agenda Report regarding “Consideration of Short Term Rentals.” The Report is notable in that it repeatedly recognizes the benefits to the City of short term rentals and downplays the alleged harms, yet it ultimately concludes that hosted short term rentals should be banned

outright. This conclusion is draconian to say the least and is not supported by the contents of the report.

There are numerous points made by the Report that merit further discussion:

As a starting point, on page 4 of the Report, there is a reference to complaints from neighbors regarding short term rentals, but the Report does not refer to any situation in which the Police were required to engage with short term renters. As far as we can tell, the reality is that short term rentals have been available within Piedmont for years and to date there have not been any reported complaints of short term renters violating the law. Page 4 also contains reference to the hypothetical problem of “guests renting an entire residence for one or two nights and throwing large parties with the resulting parking problems, noise, excess trash, and general disruption.” This fear is mirrored in resident Alicia Gruber’s concern on page 19 of the Report that “...if the City approve (sic) short term rentals (<30 days) is there anything that would preclude me from renting my house for a night to a fraternity member at UC Berkeley and allow them to have a big party in my home?” Ms. Gruber will probably be shocked to learn that, in fact, there is nothing to prevent her right now from renting out her home to this theoretical unruly Cal fraternity because the law currently permits short term rentals of entire residences (referred to in the report as “un-hosted short term rentals”). This only goes to undermine Ms. Gruber’s point; while it is currently perfectly legal to rent a Piedmont residence out for a college bacchanal, no one in Piedmont is actually making their houses available for such parties. Indeed, the Report itself concedes that such events have not been an issue in Piedmont. However, to the extent that there is a desire to prevent wild parties, then the focus should be on un-hosted short term rentals of entire residences. The hosted short term rentals for which we are advocating - rentals in which the owner merely rents out a portion of their residence to a short-term tenant - necessarily preclude out-of-control parties or inappropriate behavior because the owner of the residence is still residing in the house at the same time as the short-term tenant. Simply put, it is not plausible that allowing for hosted short term rentals will lead to an increase in the dangerous behavior that Ms. Gruber envisions.

Indeed, in my experience the short term renters we have encountered are well-mannered and respectful. People who are looking to “go wild” simply are not coming to Piedmont in the first place. Moreover, the amounts charged for short term rentals really prevent college-age students and other potentially disorderly individuals from obtaining short term rentals in Piedmont. In fact, in my experience, many of the short term renters we have encountered are individuals who are friends or family of other Piedmont residents. These are people visiting specifically to visit Piedmonters or for events that will be held in the community. As Piedmont obviously has no traditional hotels or commercial venues at which people can stay, hosted short term rentals fill the void.

While we are on the topic of the types of people who make use of short term rental options within Piedmont, I feel obligated to respond to Patty White’s comment that appears on page 21 of the Report. Ms. White asserts that short term renters may be “pedophiles, drug dealers, burglars.” Obviously, everyone wants to live in a safe community and Ms. White’s fears are taken to heart. However it is simply not reasonable to assume that every non-Piedmonter is some sort of unsavory character looking to

engage in criminal activity within the city limits. It goes without saying that any host of short term renters has an even greater interest in ensuring that their renters are upstanding individuals, as they will literally be inviting this person into their home and can use the Airbnb rating system to reject guests reported as problematic. In my experience, the short term renters we have hosted have uniformly been gracious, cultured, and respectful. Thus, while I respect Ms. White's concerns, I feel they are completely misplaced.

Turning to page 5, the Report astutely points out that "In some instances, the income allows owners on a fixed or low income to stay in their residences. These are typically the hosted type of short term rental." This is an important point that requires further explication. The writer of this letter has lived in Piedmont for over a decade. My daughter graduated from Piedmont High School and we made the decision to remain Piedmont residents despite the fact that we are now empty-nesters without any children in the school system. However, with time, if the people most likely to host short term renters (empty-nesters with extra space in their houses) are prohibited from doing so, some may leave. If this were to happen, the tax balance the City requires would be upended, which could potentially have a serious impact on the services it provides.

Moreover, hosted short term rentals represent potentially a new source of income for the City of Piedmont. As the Report points out, the two residences that have come forward in order to pay taxes have paid nearly \$1,000 to the City. This is income that requires no expenditures by the City in order to earn. Is the City truly in such a comfortable financial situation that it is going to turn down tax dollars that require nothing of it in return? Further, we are completely open to a higher taxation rate for hosted short term rentals if the City deems it appropriate.

On page 8 of the Report it discusses the possible impact that short term rentals may have upon affordable second units within the City. This is comparing apples and oranges. A resident making a portion of their home available for hosted short term renting is not the same person who wishes to make their home permanently open to a third party on a long-term basis. There are times when we have personal guests, or our daughter is visiting, in which they stay in the space that other times we make available for short term renting. If we were forced to permanently make this space available to long-term tenants, we simply would not rent it out at all, which would not assist the City in its goals regarding affordable second units. Further, it is our understanding that in order to make the short term rental space legally compliant as a long term rental space, we would need to spend about \$15,000 in order to bring it up to code. This deters us from even considering long-term rentals as an option. To be clear, we do sympathize with the City's aspiration to provide more long-term affordable housing. However, as the Report does not delve into what exactly those details of this issue are (i.e., a quota of units or some other hard goal, how far the City is from achieving this goal, and what the City is willing to do in order to achieve this goal) it is not a convincing reason to ban hosted short term rentals.

Our proposal is that residents who desire to make their homes available to short term renters work with the City to come to a solution that works for everyone involved. Literally every "Regulation and Restriction" listed on page 9 of the Report are viable

options that could be discussed in greater detail. In particular, we believe a discretionary application as described on page 9, fees, performance standards, safety inspections, as well as a higher tax rate are all options that would serve to benefit all parties.

What does not make sense is to simply ban hosted short term rentals completely. The fears that a few residents seem to have about short term rentals are applicable to un-hosted short term rentals rather than hosted ones. A hosted short term rental is not going to allow for out-of-control parties or criminal activity. Yet under the law as it currently stands, it is un-hosted short term rentals that are permitted. As we have discussed, many of the short term renters we have encountered are friends or family of other Piedmont residents. Thus, hosted short term rentals provide a convenient and safe option for such individuals who specifically wish to visit Piedmont.

The Report recognizes that should the City affirmatively take steps to ban hosted short term rentals, it will be taking an action that literally no other municipality in the United States has taken thus far. Indeed, the Report specifically states that should such a step be taken, "further research" is necessary to see whether it is even a viable option under the law. Is Piedmont prepared to take this step and be subject to the public scrutiny that will naturally stem from such a decision? Is the City also prepared to enter into the uncertain legal morass that will inevitably ensue? It is irresponsible and dangerous to even go down this road. The more reasonable and realistic resolution is one that allows for hosted short term rentals, but makes them subject to greater regulation and taxation while still maintaining Piedmonters' safety and property rights.

Sincerely,

Ed Rosenthal

Dear Piedmont Council:

I'm writing this to you as an AirBnb host who has paid taxes on rental revenues. In your discussion regarding short-term rental regulations please consider the following:

Purpose of current regulations:

There is neither logic or fairness to the current regulation that allows rentals of entire homes which are unsupervised for fewer than 30 days, while denying hosted rentals similar rights. In a hosted situation someone is there to monitor and supervise while renting an entire house out does not necessarily include these safe guards.

Piedmont is an AirBnB Community:

In discussions with neighbors I found that they are familiar with the service and some have used it for their own travels. What they were most concerned about was transparency.

We have hosted visiting relatives and friends of Piedmont residents who wanted to be close by for weddings and other special events. Hotels that they would have considered were either downtown, Jack London Sq, or the Claremont and not as convenient. Another Piedmont family did not want their toddler in the house while their floors were being refinished. Staying with us they did not have to alter their morning routine which included getting the boy to his shared nanny-care.

Regulating short term rentals:

The City already has a process for licensing home businesses that can be applied to short-term rentals. To get the license applicant has to inform adjacent neighbors that they will be engaging in the hosting service. This gives the applicant an opportunity to hear concerns and share phone numbers. Also Airbnb has a toll free number that applicant can give neighbors so they can call 24/7 to report concerns.

Licensing brings hosts into the system so they can be regulated and taxed. This also gives the building department information to initiate inspections.

Hosts want to be good neighbors and good citizens of Piedmont. We've proven ourselves as responsible business people as our reviews on AirBNB are very positive.

My experience with the guests has been positive. They have been pleasant and respectful of the neighborhood. Using services such as AirBnB allows to select their guests based on reports from other hosts, avoiding problematic situations.

Short-term rentals vs low income rental spaces:

By regulating and licensing the City can truly assess whether short-term rentals compete for low income housing units. A survey of Piedmont properties on AirBnB shows mostly entire homes or bedroom suites not 2nd units. In order to convert my 790 square foot suite to qualify for as a 2nd unit, considerable costs would be incurred, at least \$15,000. Moreover it would remove the option of having the space available for when my kids, parents, and friends visit. It also changes the legal relationship from host to landlord. The assumption that short-term rentals hinder the obligations of the City to provide low-income rentals are not be factually driven.

Conclusion:

- Allowing property owners who have entire homes to rent does not promote public safety or support community needs for short-term rentals.
- Hosting offers a way for empty-nesters to utilize their home more efficiently.
- Having more activity around the property and more people present creates a more secure situation for home-owners
- AirBnB type services provide revenue streams for both hosts and the City in the form of taxes.

Yours truly,
Jane Klein

Dear Piedmont City Leaders:

I have recently heard that the City of Piedmont is considering prohibiting all types of short term rentals. I have read the Council Agenda Report on the subject of short term rentals that was issued on March 13, 2015. I am upset by the Planning Commission's recommendation that short term rentals be prohibited, and I feel that there are no legitimate reasons for such a blanket prohibition. In her report on Short term rentals, Kate Black stated that "staff has not found any community that has permanently prohibited all short term rentals", and yet in spite of this, the Commission seeks to be the first city in the nation to impose such a blanket prohibition. This would be a regrettable move, completely out of step with the emerging trend of US cities to take up this issue, carefully consider it, and then to pass fair and reasonable regulations on short term rentals.

I read in the report by Kate Black that "this topic has received few comments from Piedmont residents, probably because most residents are unaware that the topic is being discussed at the Council level." I saw the enclosed exhibits including letters from some Piedmont residents opposed to short term rentals. I noted in one letter that one of the Piedmont residents worried that "short term renters could be pedophiles, drug dealers, burglars." I would hope that the City Council would seek input from more Piedmont residents, including those who host short term rentals, as well as those who host short term rentals in neighboring cities, so that the city's decisions can be made not on fears and prejudices, but on the real facts related to short term renting. I would guess that the complaints you have from 5 Piedmont residents opposed to short term rentals, could easily be eclipsed by the "pro" short term rental point of view of 15 to 20 hosts of the 24 Piedmont properties which are indicated in your report.

I am an Oakland resident and member of Home Sharers of the East Bay, who has in recent years been an Airbnb host with short term renters. My Airbnb guests have been the most wonderful, considerate and lovely people, who treat my house and my neighborhood with the greatest respect. They are researchers or visiting professors of UC Berkeley, or are attending a professional seminar in San Francisco. They are family members visiting their friends or family in the Berkeley or Oakland area who prefer not to impose on their family and ask to stay with them, but also prefer not to stay in a hotel. They are Berkeleyites who are having remodeling done in their home, needing a place to stay a few days while the bathroom floor is torn out and redone. They are body workers attending a class in Breema Technique, or Chi Nei Tsang, or learning hypnotherapy at the Sacred Stream Institute in Berkeley. They are lawyers – one from South America, here to take a seminar in international law at Boalt Law School. They are independent filmmakers --- one coming to produce a PBS nature film. Next week I will have a guest who works with an international organization that helps bring electricity to off-grid regions. Like most Airbnb hosts, particularly those who live in the same home where they invite guests to come and stay, I am very proactive about my own safety and that of my neighborhood, and I screen my guests carefully and do not take just any warm body. Using Airbnb to find short term guests means I have more built-in security than I would if I found short term renters through Craigslist, since Airbnb asks guests to provide their

photo, full name, Verified ID, verified Email and phone number, and each guest has an account with reviews from their past hosts, which demonstrates their track record as guests and helps hosts be confident that they will be getting someone who will be respectful to them and their property and neighborhood. Because I live in the home where I have guests, I am more concerned about the quality of these guests than my neighbors would be.

IN addition, I think it is important to note that when a homeowner has guests in his or her home, that house is no longer empty during the property owner's workday, when he or she is away at work, and thus is less subject to burglary or crime, than the home which burglars can see is predictably empty. Thus, quite in contrast to those who simply irrationally fear that short term renters may be criminals (much as white homeowners in all white areas used to fear and try to prohibit black renters in their neighborhoods, out of a prejudicial fear that the black renters would be criminals), the short term guests may with their presence actually provide more protection to a home, and more "eyes on the street" to help deter break-ins.

In the Council Agenda Report, the Planning Commission gives as one of its reasons for prohibiting short term rentals, that "most neighbors of short term rental properties find such activity to be very disruptive and intrusive...". What evidence is there for such a statement? I don't think this statement is based on any facts. Have there been studies published, summarizing the views that "most" neighbors have of short term rental properties? I have had guests for several years, and have not had a single complaint from a neighbor about my guests. My neighbors very likely do not even know I have short term renters, and probably hardly ever notice them. In any case, no neighbor has ever spoken to me about my renters. They are quiet, very polite people. They arrive quietly, and their whole demeanor is one of gratitude and respect. They often spend their days at UC Berkeley, or here at my house doing academic work or rejuvenating in the quiet, tranquil environment that I have carefully and lovingly created as a place of respite from the hectic and noisy world "out there", and one which, because they have full use of a kitchen, and yard, is far more homey and comfortable than a hotel. I would suggest that once you start talking to Airbnb hosts you will find that their story is similar – the vast majority of their neighbors have no issue with them.

Particularly given that Piedmont has no hotels, and that Oakland also has a dearth of hotels, I think it makes a lot of sense to allow short term rentals in Piedmont, so as to be able to accommodate those visiting family members and allowing them to be able to stay nearby, in a quiet residential area, instead of miles away in a noisy commercial district downtown Oakland, or downtown Berkeley or Emeryville. Then too, many Piedmonters like to renovate their homes, and when they do, oftentimes they will have a need to vacate their home and stay someplace else for awhile. Hence, short term renting in Piedmont would be of value to Piedmonters directly, providing them places to stay in their own community while they have work done on their homes.

It is notable that in the 5 complaint letters shown as exhibits in your report, not one of these complaints is based on actual incidents or events. (I see elsewhere in the report that

neighbors reported several short term rental situations, but there is no information about the problems these neighbors had, if any, that led to their reporting of those situation.) Of the 5 complaints, one writer simply states that she is against short term rentals, without giving any rationale. Another states that he is opposed to short term rentals because “short term rentals have a history of...negative things”, but does not mention what those negative things are, or what facts might be found about that long and sordid history supposedly associated with short term rentals. A third writer states that allowing short term rentals would be “ludicrous” but gives no reasons why. A fourth writer, as I noted above, worries that short term renters would be “pedophiles, drug dealers, burglars.” Have Piedmont police noted that a preponderance of the burglars associated with crimes in Piedmont, were actually short term renters in Piedmont? A fifth writer rhetorically asks whether if short term rentals are allowed, she will be able to have parties and weddings at her home, which could potentially destroy a community. Again, this writer is not talking about anything that has actually happened, but rather has fears of what might happen. Since rentals of entire properties are currently allowed under existing Piedmont law, one might think that if someone had wanted to rent out their home for parties and weddings, they might well have already done so. Actually, as a longtime member of Airbnb forums for hosts with many thousands of members, I can say that it is quite the rare host who would allow any sort of party in their home. Parties are actually anathema to hosts – I and many other experienced hosts actively advise other hosts to prohibit parties at their properties, because of the potential for damage to the premises, damage to the furniture, and other problems. I would imagine that Piedmont property owners in particular, who have very beautiful homes, would be very reluctant to allow those properties to be used for parties, even on a singular occasion, and in 1.5 years of reading literally thousands of posts from hosts on the Airbnb forums, I have never come across a host who regularly rented their home out for parties.

My experience of being an Airbnb host has been overwhelmingly positive. As a single self-employed woman, someone with no pension, I worried for many years that I was not making enough money to ever be able to afford to retire. Now, as an Airbnb host, I am finally able to save money, and thus it is now foreseeable that I will be able to retire at some point. This has been one of the greatest gifts of Airbnb hosting to me personally. As well, I love being able to create unique and colorful, artistic environments, and find guests who appreciate the unique environments I create. I love having people in my home from all over the world – I have put up a world map on the wall in my house, and I put pins into it showing where all my guests are from. I have pins in 33 US states, 3 Canadian provinces, and 23 other countries around the world, showing where my guests have come from. During any given month, I may hear French, German, Italian, Swedish, Mandarin, Cantonese, Korean, Spanish and Hindi spoken in my home, as I overhear a guest phoning home. I really delight in the marvelous cultural diversity that hosting guests brings to me and to my neighborhood and city. I would hope that Piedmonters would be able to have the same opportunity to use their homes in this way. Let Piedmonters have the freedoms to be generous and welcoming to not only their own community and community’s family members, but to people from around the world, without those expressions of welcome and generosity being unreasonably curtailed by their local government.

Sincerely,

Alice D. Mikuteit

Dear Piedmont Community Leaders:

Something else I wanted to mention, which I omitted in my previous letter, was to note that several Bay Area cities have taken up the issue of short term rentals and drafted regulations on this issue. Your Council Agenda Report mentions Austin, TX, but you must be aware that this year San Francisco passed legislation permitting short term rentals, as did San Jose. The city of San Mateo has expressed interest in taking up this issue, and permitting short term rentals, so as to benefit financially from short term renters who come to their city next year for the Super Bowl. Very recently, the city of Palo Alto, which like Piedmont is a city with a high median income level, decided that short term rentals were a non-issue and that the city need not take up this issue as it had more pressing issues to deal with, and believed that problems associated with Airbnb rentals were "rare", and could be addressed in other ways than by citywide regulations on short term rentals.

Alice Mikuteit

I have sent the following note of support to my Airbnb group:

"I won't attend, but will be following this development. My place is in neighboring Albany, and I wouldn't like to see this ban become a precedent. I hope the plus side will be presented, as to why this is good for a city. Plus: income coming in; after all, the guests will be shopping, dining, and spending their money in the city. Plus: added incentive to upgrading and keeping host property attractive and well-maintained. Plus: the income to hosts is reported and taxed. These units are owned (I am guessing) by individuals who also reside here, income generated does not flow out to some anonymous corporate entity. Fingers crossed for a positive outcome."

Christine

P.S. I am 70 years old, female, retired, and single, so a little extra income helps out a lot. Having a structure in place such as what Airbnb provides means the guests I welcome under my roof have most likely been screened much more efficiently than I could do on my own, and I can choose how often I want to be available and who to accept. Every guest I have had has been quiet, clean, and respectful of my property and our neighbors.

Thank you,

Christine Mulder

Dear friends and neighbors-

Tonight at 730 pm Piedmont's City Council will discuss the rules and regulations pertaining to short-term rentals within our town.

Currently the City does not allow residents to rent out a room in their home for < 30 days. Nevertheless, several Piedmont residents ignore this ordinance and rent out rooms in their homes for 1-2 nights through websites such as AirBnB.com and VRBO.com.

I wish to share a piece of Piedmont history with you to put this in context:

In December 1974, 5 year old John Thompson was sodomized and strangled to death on San Carlos Avenue in Piedmont.

John was playing outside of his home on San Carlos when he was lured into a neighbor's garage by Jimmy Fischer.

Jimmy was visiting his mother in Piedmont for the weekend.

Jimmy molested (sodomized) 5 year old John and then strangled him to death. Minutes later, Cliff (John's father) found his young, blue son hanging from the rope that Jimmy used to kill him.

When asked at trial why he murdered 5 year old John, Jimmy Fischer reportedly responded "I wanted to see what it looked like to see someone die".

Needless to say, Cliff and Inge Thompson never recovered from this unspeakable tragedy. They sold their home on San Carlos and spent the next 20 years on Pacific Avenue before retiring in La Jolla (Inge passed away 4 years ago; Cliff passed away last year from complications from Parkinson's disease).

No one should have to endure the pain or suffering evoked by this type of tragedy. While we would all like to believe Piedmont is a very safe, tight-knit community, tragedy can and will strike. There are things we can and must do to minimize our exposure to such heinous acts.

Please come to the Piedmont City Council Meeting this evening and urge its voting members to not only place the strictest limitations on unregulated short term rentals but to also punish those who disobey the Current City ordinance.

In loving memory of Cliff, Inge, and John Thompson,

Alicia Gruber

Dear Piedmont friends and neighbors,

I am sad to learn that your fair city is considering banning homesharing. I am an Oakland host within 1 mile of the Piedmont border and I feel VERY strongly that banning this activity would be a big mistake and great loss to your community and those around it, so I felt compelled to write to you.

I have been hosting Airbnb guests for over 2 years now and I also have been actively involved in the homesharing community during this time. As such I have a very good feel for what types of guests are visiting as well as the challenging issues hosts deal with. From these experiences I can tell you that at least 50% of my guests are coming to visit friends and families in the neighborhood. The remaining 50% of travelers are here for business or pleasure, looking for a calmer/cheaper alternative to SF (many have children), and wanting a more "local" experience than a hotel can offer.

Reading through the user reviews for the Piedmont listings on Airbnb it seems your visitors are looking for similar things. In spite of a few outliers that make infrequent headlines, our guests are not here to party or disrupt neighbors; in fact, quite to the contrary these folks actively CONTRIBUTE to enriching our neighborhoods in the following key ways:

1. Our neighbors see us as an asset because their friends/loved ones to stay nearby when they have space limitations. This is an invaluable service that my neighbors are delighted to have. I would think this opportunity would be even more appreciated in Piedmont where you have no hotel options.
2. Not only do I get to meet people from all over the world almost every day, but my neighbors do too. One of my neighbors is a senior citizen who practically runs to greet my guests and talk to them; she doesn't get to socialize much and she is past the age of being able to travel the world.now the world comes next door to her!
3. We use all the money we make sharing our home to go back into the rehabbing of our 100+ year old building and thus beautify the neighborhood.
4. Guests ask for our recommendations on where to shop/eat/play - they spend their money locally, helping our small businesses thrive.
5. Through my Airbnb experiences I was able to quit my full time job and now I have more free time to engage more in my local community. I am an active member with the Easy Bay Rental Housing Association and I also attend all neighborhood meetings pertaining to city planning, fighting crime, and ensuring sustainable development.
6. Local and "hotel" type taxes on homesharing activities contributes to the city's tax base.

I understand that few from the homesharing community within or around Piedmont have shown up to fight the potential ban thus far, but I think that is not representative of public opinion and I'm glad you are continuing to solicit input on this issue. Many of the comments you received from your meeting last year show sensationalist tones of fear-based reasons not to share (frat parties, drug deals, casing neighborhoods, onsite weddings, decreased property values, and yes even pedophilia). These tabloid-like perspectives do not represent reality for the 99.9% of the hundreds of thousands of homesharing experiences occurring every day. In fact, there is massive and widespread support for what homesharers do because the majority of folks recognize that it is a valuable asset to our communities, not a threat!

Because I feel strongly about this issue I personally reached out to the 4 Piedmont hosts with the most reviews on Airbnb to ensure they were informed about the upcoming meeting and lack of input from the homesharers side. Most have indicated to me that they will attend the meeting or write to you of their displeasure. However, one such host (the first "Fairview Street"

listing on the table in Exhibit A of the City Council Agenda Report for the meeting on March 16, 2015) will not be writing in or attending because she finds the whole process "too upsetting." However, I want you to know her story because the primary reason she shares her home is "to give money to charity." I verified this by reading through the comments left by her guests and sure enough, many of them referred their support of Vivian's donations to the Environmental Defense Fund.

In addition I personally have been involved in the recent battles to legalize homesharing in SF which have resulted in a first round of laws and regulations that both protect communities and allow residents to share their homes. I find it strange that the Council Agenda Report chose to highlight the city of Austin's Short Term Rental Licensing program rather than those of San Jose or San Francisco, both of which have recently instituted a process to embrace homesharing in ways that work for their constituents. But in either case, what is important to note, is that major American cities are taking steps to update outmoded local laws to be inclusive of homesharing in various ways.

In summary, banning homesharing would take away a great asset from Piedmonters, not only to have friends and family stay close, but also to make necessary repairs on their homes, give tax \$\$ your city as well as to the local businesses on Grand/Piedmont Avenues, or to support the charity of their choice. Instead, I urge the City Council and Planning Department to consider other reasonable ways to regulate this burgeoning part of the "sharing economy" and reap the many and varied benefits it brings to your constituents.

Sincerely,

Jordie Bornstein



To the Members of the Piedmont City Council:

As you analyze and debate short-term online rentals, Neighbors for Overnight Oversight wants to bring to your attention growing concerns with these rentals, both in Piedmont and nationwide. The fact is short-term online rental companies are operating outside of the law and making billions of dollars with little regard for the long-term health and safety of consumers and neighborhoods.

We believe with no oversight, these companies pose a significant threat to our homes, neighborhoods, and communities—as well as the guests who use their services. As a coalition of concerned residents, community leaders, businesses and policymakers committed to protecting neighborhoods nationwide, we believe sensible regulation of this industry is desperately needed.

Furthermore, the unchecked expansion of short-term rentals often has a disastrous impact on communities. Many predatory landlords have seen the growth of regulation-free short-term online rentals as a way to make more money than they would renting out apartments to locals. That has led to some buying up entire properties to lease on the short-term rental market—even evicting long-term residents to make some extra cash. Currently, most jurisdictions have no law in place to stop this kind of unscrupulous behavior.

Right now, short-term online rentals don't abide by basic health and safety regulations such as fire extinguishers, smoke alarms and liability insurance. Without these guarantees, are the people coming in and out of our neighborhoods, and current residents, safe?

Would you want to live next door to what is essentially a revolving door of strangers coming in and out of your neighborhood at any hour of the night? That's certainly not what most people look for in a neighborhood. We believe the unchecked expansion of the short-term rental market will continue to put consumers and neighborhoods at risk via the hands of illegal hoteliers. Like any other industry and any other business, the short-term online rental market needs to play by the rules to protect consumer safety as well as the integrity of communities throughout Piedmont and across the country.

We hope that you consider this issue closely and weigh the negative effects illegal hotels are bringing to neighborhoods across the country. For more information, please visit www.overnightoversight.com.

Sincerely,

Neighbors for Overnight Oversight

For more information, please visit www.overnightoversight.com.

Item #6 – Consideration of Options Regarding Short Term Rentals
Correspondence Received Before 6:00PM on Monday, March 16, 2015

Dear Mr. Tulloch: Regarding short-term rentals, It seems to me that a simple ban is a facile, uncreative and heavy handed approach to the issue. Wouldn't it make sense to see if greater regulation and enforcement might address peoples' concerns before resorting to an outright denial of property rights?

I understand why high density cities like San Francisco are worried that short term rentals may deplete the availability of housing units at a time when demand already outstrips supply and is driving up rents. That, however, would seem not to be a major problem in Piedmont.

My wife and I own a condo in a complex in Incline Village, and several years ago comparable efforts were made there to ban short term rentals, and the same arguments were raised---noise, traffic etc. But the proposed ban was defeated and in the ensuing years, none of the feared problems came to pass in any meaningful way

May I suggest for Piedmont a provisional approval of short term rentals, with appropriate regulations, taxes and enforcement mechanisms. If it happens that the feared problems do come to pass in a significant way, and/or that enforcement of regulations is too burdensome or ineffective, then perhaps a ban would be appropriate.

But let's try the less intrusive path first.

Thanks for your consideration.

Craig Casebeer

Dan and I are very much opposed to any type of AirBnB/VRBO rentals in Piedmont. Piedmont is a residential community with lots of kids. Ours are grown, but a continuous stream of strangers is a threat to kids. Stalkers? Molesters? "Casing" the neighborhood? Just not a path Piedmont should go down.

Best to you all, and thanks for taking care of Piedmont!

Patty White

Keynote Properties

RECEIVED

MAR 16 2015

**CITY CLERK
CITY OF PIEDMONT**

Astrid Lacitis

Piedmont
CA 94611

Phone/Fax

SHORT TERM RENTALS

I have looked at the short term listings for Piedmont rentals, found all of six or seven. Such an insignificant number does not merit imposing city wide legislation.

That does not mean, however, that those negatively impacted by short term rentals should have no recourse. In Piedmont we have an excellent history of looking out for our neighbors. In this case, I would suggest that if the police department is called more than XXX times within a given time period the owner be first warned, then levied a very hefty fine. Renting a house out for rowdy weekend parties is not acceptable.

However, not all tenants, short or long term, are disruptive or even intrusive. I know of some guest to a 75th wedding anniversary who rented rooms in a house through AirBandB. Trust me, this was not a rowdy crowd, not in their age group. The homeowner who provided the rooms, like many who rent short term, was in need of additional funds- in her case, to help pay for her kid's college.

I am opposed to implementing short term rental legislation because a blanket set of rental rules cannot possibly address the varied scenarios that arise; and because well meaning rules often have unintended consequences. For example, as part of short term rental restrictions the planning department is suggesting all rentals be evaluated for safety. This evaluation, presumably, would be applied to any short term rental, be it an entire house, a room, or an in law unit. The housing stock in Piedmont is older, and unless recently remodeled is not likely to meet "safe" standards if "safe" is defined by the planning department as being in compliance with current code. For example, besides CO and smoke detectors would the wiring need to be brought up to 2015 code? what about compliance with current sprinkler ordinance? strapped water heater? Adopting a stringent "safe" requirement could result in an economic burden placed on homeowners in need of the additional income from their rental, a burden they cannot possibly meet.

As to the issue that short term rentals might impact the number of affordable units in Piedmont. The reality is that a homeowner with an in law unit may elect to keep it vacant, use it for an au pair or caretaker, rent it at any price. No matter what the homeowner elects to do the city still has a registered low income unit on its books.

I would encourage the city council to not legislate short term rentals. If individual problems arise from disruptive tenant behavior those need to be dealt with by the use of heavy fines on the homeowner. This will encourage those who rent out space to better screen their tenants.

