

**Agenda Item # 5**  
Staff Report

**Meeting Date:** February 15, 2022  
**To:** Planning Commission  
**From:** Planning Department  
**Subject:** Update on Short Term Rentals

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**Summary**

In March of 2021, the Planning Commission heard and tabled a consent agenda item to consider the approval of a new Short Term Rental ordinance. Other items that have been recently discussed regarding Short Term Rentals include instituting a new moratorium on new short term rental license approvals, and hiring a consulting firm to look at permitting, tax collection and enforcement.

On October 11, the City Council approved a management agreement contract with Granicus Host Compliance. The agreement is for a one year contract to perform Short Term Rental management. This includes the use of specially designed software to identify Short Term Rental listing addresses, provision of a hotline for public reporting of Short Term Rental issues, compliance monitoring for currently listed Short Term Rentals, provision and management of a mobile permitting and registration portal, setup and configuration of an online monitoring system with staff training to utilize the system, and setup and configuration of an online tax collection system, with staff training.

Use of the management system is expected to provide data to guide priority areas to be addressed by a Short Term Rental ordinance.

A moratorium on issuance of short term rentals was approved at the City Council meeting on February 14, 2022. The moratorium is a 45 day urgency ordinance, in immediate effect upon approval. The intent of the moratorium is to pause issuance of new short-term rentals until planning staff has had the opportunity to review data resulting from the Granicus code enforcement tracking effort, which we expect will help to determine if there are specific issues like noise or trash or specific neighborhoods that need to be addressed. This information is expected to inform the upcoming short term rental ordinance.

**Background**

Short term rentals are defined in Section 18.08.065 of the Mt Shasta Zoning Code as:

“Short Term Rental” means a “Transient occupancy,” as defined in MSMC 18.08.795, and includes, but is not necessarily limited to, a “hotel,” as defined in MSMC 18.08.450, as well as any rental of a living unit, or portion of a living unit, for a term shorter than a month-to-month tenancy. (Ord. CCO-09-02, 2009; Ord CCO-97-02, 1997).

The only other references to Short Term Rentals in the zoning code are the prohibition of Short Term Rentals found in Section 18.16.040, and transient occupancy tax and business license requirements for Short Term Rentals outlined in Section 18.16.050.

Other than the specific prohibition, the code is not clear on where Short Term Rentals are expressly allowed, except that it could be presumed they are allowable as an accessory use Home Occupation.

It is to be noted that there are State Housing and Community Development restrictions on the use of Accessory Dwelling Units as Short Term Rentals.

Short Term Rental ordinances are being enacted at the local jurisdictional level to help communities meet housing needs, to address nuisances and improve safety, and to establish ways to ensure that hosts are on the books and are paying taxes.

Globally, the number of residences that were previously available for long term housing and have since been converted to short term rentals, has increased by 1,530% since 2011. As a destination community, Mt Shasta experiences a significant visitor serving population. Around 2009, websites like Airbnb came about and made residential visitor serving rental a more accessible option for property owners. According to data recently provided by Granicus Host Compliance, the number of short-term rental listings was 15 times higher in 2018 than it was in 2011. This has contributed to the housing shortage for month to month rentals. Nationwide trends during the Covid 19 pandemic have exacerbated the rental shortage as populations have shifted from urban to rural areas.

Month to month rental costs have doubled due to low supply and high demand, as a result of the housing shortage. The Mt Shasta Chamber of Commerce lists average 30+ day rental rates in Mt Shasta as around \$600 for a one-bedroom, \$700-\$750 for a two- bedroom, and \$850-\$1100 for a three-bedroom residence. Long term (monthly) rentals in Mt. Shasta currently listed on Craigslist are \$1500 for a two-bedroom, \$2500 and \$2700 for a three-bedroom, roughly double the most current information posted by the Chamber of Commerce (November 2021).

Common nuisance issues associated with Short Term Rentals include problems with noise, parking and garbage. Safety issues can include a lack of addressing for emergency response, and clusters of Short Term Rentals may become areas where crime may be attracted in the off-season due to lack of occupancy.

Granicus identified 79 active short term rental units (both licensed and operating without a business license) within the City of Mt Shasta in January of 2021. Currently there are 51 business licenses for short-term rental units within the City Limits.

### **Granicus Host Compliance Contract**

On October 11, 2021, Finance Director and acting City Manager Muriel Terrell presented options for moving forward with a contractor to help the city manage short term rentals. The City Council approved a contract with Granicus Host Compliance, who will help with the following tasks:

- Identification of short term rental listings
- Implementing a 24/7 hotline for short term rental complaints
- Developing and implementing an online permitting and registration portal
- Ongoing monitoring of short term rental activity
- Tax collection, including an online payment portal

## **Next Steps**

We expect that the Host Compliance process will provide us with important data that will be useful as we move forward with drafting the Short Term Rentals ordinance. We expect to gain a better understanding of common complaints associated with Short Term Rentals, where current unpermitted Short Term Rentals are located throughout Mt Shasta, and whether there are more complaints in some locations as opposed to others.

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<sup>i</sup> “Transient Occupancy” means paying guests occupying a dwelling unit for periods of less than 30 days. (Ord.CCO-09-02, 2009)