



## COMMUNITY DEVELOPMENT DEPARTMENT

CITY HALL  
10300 TORRE AVENUE • CUPERTINO, CA  
95014-3255 TELEPHONE: (408) 777-3308 • FAX: (408) 777-3333  
CUPERTINO.ORG

### CITY COUNCIL STAFF REPORT

Meeting: July 21, 2020

#### **Subject**

Second reading of Ordinance No. 20-2200 Municipal Code Amendments to regulate Short-Term Rental activity in the City and other minor clarification edits in Title 19. (Application No(s): MCA-2018-02; Applicant (s): City of Cupertino; Location: Citywide)

#### **Recommended Action**

Conduct the second reading of Ordinance No. 20-2200 "An Ordinance of the City Council of the City of Cupertino Amending Title 3: Revenue and Finance: Chapter 3.12 (Transient Occupancy Tax), Revenue and Finance, Amending Title 5, Business License and Regulations: Chapter 5.08 (Short-Term Rental Activity), amending specified chapters of Title 19, Zoning, of the Cupertino Municipal Code Chapter 19.08 (Definitions), Chapter 19.12 (Administration), and Chapter 19.120 (Home Occupations), to regulation Short-Term Rental uses in Residential Zoning Districts.

#### **Discussion**

On July 7, 2020, the City Council introduced and conducted the first reading of Ordinance No. 20-2200. The City Council unanimously approved the proposed ordinance with a change to the operative date. The Council changed the date the ordinance becomes operative to January 1, 2021 instead of staff's recommendation that the effective date be tied to the date the current COVID-19 Shelter-in-Place is lifted or related travel restrictions are lifted.

#### **Environmental Review**

The proposed ordinance is not a project within the meaning of section 15378 of the California Environmental Quality Act ("CEQA") Guidelines because it has no potential for resulting in physical change in the environment, either directly or indirectly. In the event that this Ordinance is found to be a project under CEQA, it is subject to the CEQA exemption contained in CEQA Guidelines sections 15061(b)(3) and 15304 because it can be seen with certainty to have no possibility of a significant effect on the environment and because the ordinance is a minor alteration to land use limitations.

**Sustainability Impact**

There are no sustainability impacts identified with STR activity.

**Fiscal Impact**

Prior to COVID-19, STR activity was generating about \$400,000 annually for the City in Transient Occupancy Taxes (TOT). Based on the recent data, STRs generated roughly \$2,000 and \$5,000 in TOT in March and April, respectively. This shows a significant decrease in STR activity and related revenue.

STR registration fee will be presented for Council action in the Fall once the impacts of COVID-19 have been analyzed.

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Prepared by: Erick Serrano, Senior Planner

Katy Nomura, Assistant to the City Manager

Phillip Willkomm, Senior Code Enforcement Officer

Reviewed by: Benjamin Fu, Director of Community Development

Approved by Submission by: Dianne Thompson, Assistant City Manager

**Attachments:**

A – Ordinance No. 20-2200

B – Redline Document Indicating Changes to Title 3 5 and 19