



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: September 15, 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 and enact 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 regulate Short-Term Rental uses in Residential Zoning Districts."

Discussion

On July 7, 2020, City Council introduced the first reading of Ordinance No. 20-2200 to regulate short-term rentals (STRs). However, due to changes in the operative date and other changes to the ordinance, a subsequent first hearing was required.

On August 18, 2020, the City Council reintroduced and conducted the first reading of Ordinance No. 20-2200. The ordinance will take effect thirty days after adoption with proposed amendments to Chapter 19.08 (Definitions), Chapter 19.12 (Administration) and Chapter 19.120 (Home Occupations) becoming operative at that time. However, amendments to Section 3.12.050, 3.12.070, 19.20.020, and Chapter 5.08 shall not become operative until January 1, 2021. The staff report from the August 18, 2020 City Council meeting is included as Attachment C for reference.

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.

At the August 18, 2020 Council meeting, Council approved a budget appropriation of \$283,889. Staff has prepared an estimated fee range for further discussion as a different agenda item.

Prepared by: Erick Serrano, Senior Planner

Katy Nomura, Assistant to the City Manager

Phillip Willkomm, Senior Code Enforcement Officer

Piu Ghosh, Planning Manager

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 Version of Ordinance No. 20-2200

C – August 18, 2020 Staff Report