

## FINAL SIGNED MOU - June 24, 2020

### Memorandum of Understanding

between

Expedia Group

and

UNITE HERE

Expedia Group and UNITE HERE (collectively, The Parties) are proposing new regulations to govern short-term rentals in San Diego. The Parties have agreed to enter into this non-binding Memorandum of Understanding outlining the parameters of the regulations, which, if approved by the City Council, would balance the need to preserve neighborhood quality of life with protecting private property rights.

The Parties have agreed the following terms and conditions should form the foundation of any short-term rental ordinance adopted by the City of San Diego:

#### **Brief Proposals for STR Regulations**

1. Purpose - to define and regulate short-term rentals within the City of San Diego so that the people of San Diego are better able to find available housing at reasonable prices and enjoy peace and tranquility in their home neighborhoods.
2. A short-term rental (STR) is defined in San Diego's Municipal Code as occupation of a dwelling unit or part thereof for 30 consecutive days or less.
3. A permanent resident is defined as the person who regularly resides at the STR property for at least 180 days per year. It must be the property owner or the property owner's lessee who lives there permanently and has documented permission by the owner to use the property as a STR.
4. Permit applicants must include the following information when registering annually for a permit online or in person:
  - a. A valid Driver License or Government ID Card to verify the applicant's identity.
  - b. A valid utility bill for the residence being rented as a STR, and matching the applicant's verified name.
  - c. LLCs will be required to provide a valid Employer Identification Number and a Government ID card.
5. STR owners will be required to pay for trash service provided by the City of San Diego in addition to the STR permit fees.
6. STR Platforms:
  - a. All platforms that display short-term rental listings for properties in San Diego shall comply with the following:
    - i. require that all operators using the platform include a permit number in any listing for a STR on the platform;

- ii. check the operator-provided permit number against the City’s registry and deactivate any STR listing that lacks a permit number that appears on the City’s registry;
    - iii. the City shall create a registry of permitted STR properties that is accessible to STR platforms; and
    - iv. the registry shall, at a minimum, include the city-issued permit numbers. The City will update the registry at least daily to include newly issued permit numbers.
  - b. Additionally, STR platforms agree to provide guidance and best practice solutions to assist the City of San Diego in its development of technology systems to track and monitor STR usage.
7. A person or LLC who wishes to rent out a STR will be allowed to choose only one Tier at a time upon which to get their permit.
8. A property used as a STR will be defined as a STR in one of the following Tiers:

**Tier 1:**

The lodging will be owned or sub-leased with permission of the owner and rented as a STR for an aggregate total of 30 days or less per year. The permanent resident must obtain a business license and a STR permit from the City of San Diego to operate the STR and is responsible for sending the proper Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf. This tier will be charged a fee of: \$50/year

**Tier 2:**

The lodging is the permanent residence of the owner or permanent residence of the renter who has written permission from the owner to use the property as a STR. A room or rooms within the residence are rented as a STR with the permanent resident present. The owner must obtain a business license and a STR permit to operate the STR and is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf. This home-sharing includes duplex properties, accessory dwelling units and granny flats<sup>1</sup> where owner or renter live on site. This tier will be charged a fee of: \$250/year

**Tier 3:**

A property owner, or their lessee, has the option to rent out a maximum of one home as a whole-home rental. The property can be rented more than 30 days per year as a STR. To rent as a STR, the owner must obtain a business license and a STR permit. Individuals and LLCs cannot hold more than one STR permit at a time. The owner is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf.

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<sup>1</sup> Granny flats and/or accessory dwelling units built prior to the City of San Diego’s September 12, 2017 Granny Flat Ordinance are eligible to be used as a STR. Granny flats and/or accessory dwelling units built after the 2017 ordinance are not allowed to be used as a STR.

Any whole-home STR shall require a two-night minimum stay for guests. The two-night minimum applies to Tiers 3 and 4, but does not apply to Tiers 1 and 2.

The amount of whole-home STRs shall not exceed 0.7 percent of the Total Housing Units in the City of San Diego per SANDAG's annual Demographic and Socioeconomic Housing estimates<sup>2</sup>. Today this amount equates to 3,750 whole-home STRs in the City of San Diego. STRs associated with Tiers 1, 2 and 4 are not to be counted in the 0.7 percent whole-home permit cap. Homes with 3 bedrooms or less will be charged a fee of: \$1000/year. Homes with more than 3 bedrooms will be charged a fee of: \$1500/year.

**Tier 4:**

Mission Beach will stand as an individual tier allowing for up to 30 percent of housing inventory to be used as whole-home STR rentals. The amount of whole-home STRs should not exceed more than 30 percent of Total Housing Units in the community per SANDAG's annual Demographic and Socioeconomic Housing estimates<sup>3</sup>. Today this amount equates to 1,086 whole-home STRs in the Mission Beach Community. The owner must obtain a business license and a STR permit to operate the STR and is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner's behalf.

Any whole-home STR shall require a two-night minimum stay for guests. The two-night minimum applies to Tiers 3 and 4, but does not apply to Tiers 1 and 2.

Homes with 3 bedrooms or less will be charged a fee of: \$1000/year. Homes with more than 3 bedrooms will be charged a fee of: \$1500/year.

**STR Enforcement**

In order to facilitate neighborhood quality of life, STR operators will be required to provide guests with a Good Neighbor policy<sup>4</sup> designed to make the guest familiar with parking and other rules of conduct that promote neighborhood cohesion and livability. The Good Neighbor policy shall remind guests that they are obligated to follow all City laws or face escalating fines and citations at the discretion of the responding officer.

In instances where noise and nuisance complaints arise, Code Enforcement, together with the Police Department when necessary, will be responsible for determining if a violation has occurred.

A fine or citation may be given to the STR owner and the guest at the discretion of the responding officer for all verified violations:

- A first response notice constitutes a 'warning'.
- A second and subsequent response notice may result in the property's responsible person or primary resident being issued an administrative citation.<sup>5</sup>

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<sup>2</sup> [http://datasurfer.sandag.org/download/sandag\\_estimate\\_2018\\_jurisdiction\\_san-diego.pdf](http://datasurfer.sandag.org/download/sandag_estimate_2018_jurisdiction_san-diego.pdf)

<sup>3</sup> [http://datasurfer.sandag.org/download/sandag\\_estimate\\_2018\\_cpa\\_mission-beach.pdf](http://datasurfer.sandag.org/download/sandag_estimate_2018_cpa_mission-beach.pdf)

<sup>4</sup> See accompanying policy document example

<sup>5</sup> §12.0301 Administrative Remedies in the San Diego Municipal Code

- A third response notice (citation) within a 12-month period may result in the STR permit revocation for no less than a 12-month period for the premises for which the permit was originally issued.

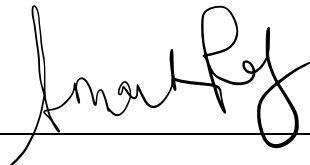
**Local Contact Designation**

A critical component for enforcement of the regulations is the requirement of local contact available to respond to neighborhood disturbances within one hour. All property owners must post a notice in a visible location (from the sidewalk or public right of way) contact information for a designated local contact who shall be responsible for actively discouraging and preventing any nuisance activity at the premises, pursuant to Municipal Code Chapter 5. The property owner or designated local contact shall respond to the complainant in person or by telephone within one hour for all reported complaints and shall take action to resolve the issue. The 8.5" x 11" notice must include the STR permit number and the contact information and telephone number for the property owner or the designated local contact and the City of San Diego Code Enforcement Division. The property owner shall maintain the notice in good condition while the dwelling unit is operated as a STR.

**Public Safety Awareness**

At the time of permitting, City of San Diego staff shall provide information to STR operators related to identifying and reporting human trafficking. STR operators shall be required to educate all workers who may interact with guests so that they can identify and report human trafficking. STR operators must post conspicuously in the home guidance for reporting human trafficking and complete an online human trafficking awareness program provided by the STR platform before the listing can go live online. Any operator found to be in violation of sex trafficking laws shall have their STR permit revoked and be immediately and permanently banned from operating STRs in the City of San Diego.

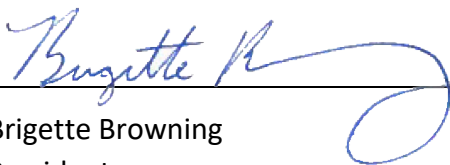
The MOU has been agreed to by the following participants:



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Amanda Pedigo  
Vice President Government and Corporate Affairs, North America  
Expedia, Inc.

Date



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Brigette Browning  
President  
UNITE HERE Local 30

Date