



# City Council Report

**Date:** October 3, 2022  
**To:** City Council  
**Through:** Michael Kennington, Deputy City Manager/Chief Financial Officer  
**From:** Edward Quedens, Business Services Director  
Tim Meyer, Business Licensing and Revenue Collections Administrator  
**Subject:** New Ordinance – Short-Term Rentals (**Citywide**)

## Recommendation

The purpose of this report is to request City Council approval of the proposed ordinance to update Title 5 of the Mesa City Code by adding a new Chapter 15, “Short-Term Rentals”.

## Background / Discussion

The proposed ordinance attempts to address issues that have appeared related to Short-Term Rentals. For several years, the State legislature has been working on the issue and with the changes in Senate Bill 1168 signed by the Governor in July, State law is clearer on what steps municipalities can take in their communities.

State law sets very specific parameters in which cities can regulate Short-Term Rentals. The proposed ordinance was drafted to comply with the statute, but also in coordination with the League and other cities. State law limits municipalities’ regulation of Short-Term Rentals as follows: enforcing existing codes (zoning, nuisance, property maintenance), prohibiting certain harmful purposes, requiring licenses, collecting emergency point of contact, requiring neighbor notifications, requiring insurance, setting the grounds for the suspension of a license and the monetary amount for civil penalties.

The ordinance proposed intends to accomplish the following:

1. Require licenses for Short-Term Rentals
2. Require compliance with City Codes and applicable laws including zoning, noise, nuisance, health and safety, solid waste, tax, traffic control, and property maintenance
3. Collect emergency contact information of person(s) responsible for responding to complaints and emergencies
4. Require notification of neighboring properties that a property will be used as a Short-Term Rental
5. Establish minimum liability insurance requirements
6. Prohibit uses per statute including housing sex offenders, sober living home, selling liquor or illegal drugs, obscenity, pornography, adult-oriented business, and special events, retail
7. Defines grounds and processes for denial and suspension of license

## 8. Establishes Civil penalties

It's difficult to estimate how many Short-Term Rentals we have in the City. There are about 200 Short-Term rentals that currently have tax licenses. However, those that rent through one of the large companies like Airbnb or VRBO do not currently license with the City directly. And these large companies are not required to provide the City with a list of specific properties. We estimate there are 2,000 to 3,000 Short-Term Rental properties in the City.

Data to be collected in the license application is set by State law:

- Address of the Short-Term Rental
- Name, address, phone, email of owner and emergency contact(s)
- Transaction Privilege Tax number
- Agreement to comply with applicable laws

Grounds for denial are narrow and set by State Law:

- Failure to provide application information or fee
- Owner has a suspended license for that property
- False information being provided
- Owner or designee was convicted sex offender or convicted of certain felony in the last 5 years

The emergency contact must respond to all complaints and emergencies associated with the STR:

- For emergencies (public safety personnel were dispatched): within one hour and in person if requested by public safety personnel
- For all other complaints: within 24 hours and can be in person, by phone or email

Again, suspension of a Short-Term Rental license is regulated by State law.

- Suspension period is up to 12-months per State law
- One "serious" violation committed by owner:
  - Felony offense at or in the vicinity of the STR
  - Serious physical injury or wrongful death at or related to the STR
  - Knowingly renting the STR in violation of the prohibited uses
- Or any three violations of the STR Ordinance in a 12-month period
- The Licensing Administrator will implement and administrative process (citation, opportunity for hearing)
- Limited scenario for suspension of use as STR (up to 12 months) through the Courts for felony act that results in death or serious physical injury

Implementation of a Short-Term Rental license will require additional licensing staff. The assessment is ongoing. Implementation will also require license application and renewal processes, definition of the hearing process, integration of PD and Code Compliance systems and reporting so violations can be assessed against Short-Term Rental properties.

Proposed fees will be brought to the Council in December after the 60-day public notice required by State statute.

The fees and monetary Civil penalties as currently proposed include:

- \$250 annual license fee (the maximum set by State law)
- Against owner who violates:
  - \$500 first violation within 12-month period
  - \$1000 second violation within 12-month period
  - \$2000 for third violation within 12-month period
- Additional penalty against owner for not being licensed and/or not providing emergency contact information:
  - \$250 for first month
  - \$500 for second month
  - \$750 for third month
  - \$900 for fourth month and each additional month

**Coordinated with**

Code Compliance  
Mesa Police Department  
Development Services  
Office of Management and Budget  
City Attorney's Office