

## FREQUENTLY ASKED QUESTIONS SHORT-TERM RENTALS

**City staff is eager to assist property owners with short-term rental licensing. Please call Lori Frati in the Finance Department at 648-3100 for additional assistance.**

*What is a short-term rental?*

Commonly known as vacation rentals, a short-term rental is a residential property rental for fewer than 30 days.

*What is required to rent my home as a short-term rental?*

The property owner is required by City ordinance to obtain a Transient Use License for the property. The license application required the following information:

- Owner's contact information
- Owner's representative's contact information (if desired)
- Site plan: this is a sketch (can be hand drawn) of the property's floor plan showing bedrooms and bathrooms and other major spaces in the home
- Signed fire safety affidavit certifying that all bedrooms and commons areas are equipped with smoke alarms and that the home is equipped with a fire extinguisher with a minimum rating of 2-A 10-BC in a location readily accessible to the occupant.

Before the license is issued, the applicant must pay a licensing fee of \$200 (to be effective January 20, 2010)

*Do I have to live nearby to rent my property?*

No. The Transient Use ordinance requires that the owner be able to respond on-site to property concerns within 30 minutes. The owner may designate a responsible adult as the owner's representative to meet this response obligation.

*If I want to rent my duplex or triplex, do I need separate licenses for each unit?*

Owners must obtain one license for each property (building). The City will issue license documents for each unit, as occupancy and parking requirements may be different for each unit, depending on the number of bedrooms in each.

*Do I have to collect special taxes?*

All short-term rental activity is subject to the City's Transient Occupancy Tax Ordinances. The tax rate is 10% and taxes are payable on a quarterly basis. Tax payments are due by the end of the month following the end of the quarter. For example, taxes for the first quarter of 2010 (January, February, March) are due April 30<sup>th</sup>. Tax remittance forms are available via email or at City Hall

*How do I pay Transient Occupancy Taxes?*

Tax payments are due by the end of the month following the end of the quarter. For example, taxes for the first quarter of 2010 (January, February, March) are due April 30<sup>th</sup>.

*Do I need a business license?*

If you are renting **more than** three units (i.e. both a triplex and three homes are equivalent to three units), you must also obtain a business license, pursuant to Pacific Grove Municipal Code Chapter 7.04. The tax rate is 0.001% of the gross receipts from rental operations, with a minimum tax rate of \$15. For example, if your gross rental income is \$20,000, the business license tax amount would be \$20. Business licenses can be obtained at City Hall in the Finance Department.

*What if I rent my home without a license?*

The transient use ordinance provides for significant penalties, including fines up to and including all rental income received, for violation of the ordinance. It is imperative that all rentals are licensed, as even advertisement of an unlicensed rental may be considered evidence of unlawful rental activity, per the ordinance.