



Tourist Home Fee Update

November 2022

Current Landscape

- Adopted in 2016, Missoula's current ordinance requires registrations of all whole home short term rentals.
- Current Registration fee is \$60 for first year and \$31 for renewals
- 541 unduplicated listings as of 11/1/22
 - Representing 1.5% of housing supply
- 112 STR are currently registered
- 25% growth in the number of listings since early 2020



Unit Characteristics

- 61% of STRs are in single-family units
- 95% of STRs rent the entire unit; 5% rent individual bedrooms
- Majority of listings are for one- or two-bedroom units
- The current average nightly rate for all short-term rental listings in the city is \$150

Use Estimates

- Majority of listings have no estimated bookings in the previous year
- 141 listings rent for over 120 nights per year
- 53 units generate over \$25,000 in income
- Breakeven point for long-term renting vs. short-term renting: 40-60 nights, yearly
- At least 300 STR units exceed this breakeven point

Process Improvement

- Support residents with unregistered STR units in the registration process
- Update the registration materials to include more use questions to understand impact and how units are being used now
- Shift to pro-active monitoring and communication
- Continue to actively monitor the short-term rental market and route conversations about code through the comprehensive code reform project to explore further.

Fee Increase Recommendation

- Increase the registration fee to \$450/annually to support costs of licensing, inspections and compliance

Fee Increase Rationale

- 7-1-4123(7) Montana Code Annotated authorizes local government to charge reasonable fees for the provision of services.
- Fee has not increased since ordinance adoption in 2016
- Current program administration is funded largely by general fund
- Direct revenue to program administration costs
 - Monitoring
 - Compliance
 - Application processing

Community Outreach

- Hosted four community meetings in October and November to share report findings and hear perspective
 - 75 residents participated
- STR Engage Missoula

Community Outreach: Summary

- Regulation
- Current STR operators expressed concern with fee increase and understanding benefit
- Request for accountability from those not currently registered
- Questions of future penalties
- Recommendation to consider restricting use of ADUs

Recommended Motion

Set a public hearing for November 28, 2022 for Council to consider adopting a resolution of the Missoula City Council amending Exhibit A, the Business Licensing fee Schedule in Resolution 8615, to revise fees for Tourist Home registration.