

Short-Term Residential Rental Guide



Step 1: Check for Eligibility



Step 2: Understand the Rules

Overview: Based on Charter 41 of the City's Administrative Code, to host a short-term rental you must meet all the following conditions:

Host conditions:

- Permanent resident of San Francisco
- Owner or tenant of the unit you plan to rent
- Lived in your dwelling for at least 60 days before applying
- Plan to live in the unit for at least 275 nights/year

Dwelling conditions:

- Must be compliant with all City codes
- Cannot be located in The Presidio, Fort Mason, or Treasure Island
- Cannot be a Single-Room-Occupancy (SRO) or dormitory
- Cannot be a Below-Market-Rate (BMR) or Public Housing unit
- Must be permitted and designed for residential use. Commercial and industrial spaces are not permitted.
- Cannot be subject to an Ellis Act eviction after November, 2014
- Cannot have sleeping quarters in outdoor areas, including treehouses and vehicles

You can continue the steps to be a host if you meet all the conditions above.

Overview: Before applying to be a Short-Term Rental Host, please ensure you can comply with all the following rules & regulations.

- When you are home overnight at the same time as your guests, there is no limit on the number of rentals per year. This is called a "hosted rental".
- When you are not home overnight at the same time as your guests, there is a 90-day limit on the number of rentals per year. This is called an "un-hosted rental".
- If you own/rent a multi-unit building, you may only register the unit in which you reside.
- Property liability insurance of at least \$500,000 is required. If you are only offering short-term rentals through the Airbnb website, this requirement does not apply as equivalent coverage is provided. However, you are encouraged to discuss property and liability insurance coverage with your insurer.
- If you are a tenant, you may not make more than your monthly rent from your short-term rental fees charged to guests.

NOTE Please be aware that the owner of your unit will receive a letter from the Office of Short-Term Rentals with notification of your intent to be a host. We encourage you to review your lease and receive permission from your property owner prior to applying.

NOTE Information for residents within properties subject to a Homeowner's (or Condominium) Association, or tenancy-in-common (TIC) ownership: The certification of your residential unit with the Office of Short-Term Rentals does not override any lease agreements, homeowner's association bylaws, Covenants, Conditions & Restrictions (CC&Rs), or any other agreement, law, or regulations that prohibit subletting or use of your unit as a Short-Term Residential Rental. Please note that lease agreements, homeowners' association bylaws, and CC&Rs are private agreements that are not enforced by the City and County of San Francisco

We're here to help. Our goal is to help you navigate the process and host responsibly. We recognize that for many hosts this is their first time operating a business. If you still have questions, call or e-mail and we'd be glad to help you out.

Office of Short-Term Rentals:
415.575.9179
shorttermrentals@sfgov.org

Short-Term Residential Rental Guide



Step 3: Registration with TTX



Step 4: Apply with the Office of Short-Term Rentals

Overview: Earning income from a short-term residential rental, regardless of the amount, is considered a business. Therefore, you are required to obtain a Business Registration Number, also known as a Business Account Number, or BAN.

Register your hosting business with the Treasurer & Tax Collector before registering with the Office of Short Term Rentals (Step 4). Based on eligibility rules, BAN registration for short-term rentals should be free.

Update your Business Registration

If you already have another type of business registered in San Francisco, you can update your account to add your hosting business. Select industry type "Accommodations".
sftreasurer.org/registration
etaxstatement.sfgov.org/accountupdate/

□ **NOTE** Hosting short-term rentals without registration numbers from both the Office of the Treasurer & Tax Collector and the Office of Short-Term Residential Rentals can result in significant fines and penalties.

Overview: If you've made it this far, you've completed the following steps:

1. Determined you're eligible to be a host
2. Understand the Rules & Regulations
3. Received your BAN from the Treasurer & Tax Collector

You are now ready to apply. Please be aware there is a \$250 NON-REFUNDABLE application fee. If approved, your application is good for 2 years. If denied, your \$250 application fee is not reimbursable.

Required Items

1. Office of Short-Term Rentals Application Form

If applying online, go to the website under the Apply Online section

If applying in-person or by mail, download and complete the Office of Short-Term Rentals application. You can also pick up a copy at the Planning Department's Planning Information Center (PIC) at 1660 Mission Street, ground floor.

2. Business Registration Certificate

Include your Business Registration Certificate that was issued by the San Francisco Office of the Treasurer & Tax Collector. A receipt of a pending application is sufficient to begin the certification process.

3. Government-Issued Photo Identification Card

Please include at least one of following government-issued photo ID cards:

- California Drivers License
- US Passport
- US Military Card
- SF City ID Card

sfgov.org/countyclerk/sf-city-id-card-how-get-card

4. Proof of Property-Liability Insurance

If hosting on a platform that does not provide insurance, include proof of property-liability insurance in the amount of no less than \$500,000. Airbnb is the only platform that provides this insurance. If you are hosting on Airbnb only, proof of insurance is not required.

5. Application Fee

\$250 non-refundable application fee. If applying in person or by mail, make check or money-order out to the San Francisco Planning Department

6. Proof of Residency

Include two of the following listed documents to confirm your primary residence is the same as your hosted unit. If your ID is current with the address of the unit you wish to register, you only need to bring one of the following listed documents. Copies and printouts will not be accepted.

- Vehicle Registration Card from the California DMV with the address of the unit you wish to certify.
- Proof of a Homeowner's Tax Exemption: This accepted for property that is either a single-family dwelling or condominium.
- Proof of car insurance with the address of the unit you wish to certify.
- Original utility bill, issued from either: SFPUC (water), Recology (trash), or PG&E (electric/gas), including the payment stub showing the address of the unit you wish to certify. You may only use utility bills as one form of residency confirmation. Cable television, cell phone, or internet provider bills do not qualify.
- Voter Registration Card or Certificate with the address of the unit you wish to certify. You may obtain a copy through the San Francisco Department of Elections.

Short-Term Residential Rental Guide



Step 4: Apply with the OSTR

6. Proof of Residency (continued)

Other Options: In some instances certain original documents mailed to your current address by State or Federal agencies, such as the franchise tax board, or licensing boards (e.g. medical, real estate, or cosmetology) may also be accepted as one proof of residency. This can include licensing renewals or tax bills. You may redact sensitive information from such documents.

To apply online follow the link below:

sfgov.org/bpdev/forms/short-term-rental-intro

Once we've received your application and fee, we will determine if you are eligible to host rentals. If you are approved, we will issue you a short-term rental certificate via USPS mail. Your certificate will be valid for two years.

If you are not approved, we will send you a denial notice by mail informing you of the reasons for denial.

To apply in person, schedule an appointment online at the following website:

businessportal.sfgov.org/start/starter-kits/short-term-rental#schedule_appointment

To apply by mail, include the items listed above and send to:

Office of Short-Term Rentals
1650 Mission Street, Suite 400
San Francisco, CA 94103

NOTE If you are a tenant in a rent-controlled unit, your monthly revenue from hosting cannot exceed your monthly rent payment.



Step 5: Stay Compliant

1. Report your Short-Term Rental Stays Quarterly

Fill out the Quarterly Report provided by the Office of Short-Term Rentals. You will need to report all short-term stays which have occurred during the three-month reporting period. This report can be accessed and submitted online with the Office of Short-Term Rentals.

2. Renew your Business Certificate Annually

Renew your business registration certificate every year with the Treasurer & Tax Collector. Renewals are due every May 31st and can be submitted online.

3. Pay your Transient Occupancy Tax (TOT)

Anyone in San Francisco who receives rent for a stay of fewer than 30 days must collect a 14% tax on the amount that they earn from their guests. This is called the "Transient Occupancy Tax (TOT)".

NOTE If you are a tenant in a rent-controlled unit, your monthly revenue from hosting cannot exceed your monthly rent payment.

If you have any questions specifically about taxes, please refer to the Treasurer & Tax Collector's website, or call 311.

For hosts that use a platform other than or in addition to Airbnb, please refer to our FAQ section to learn more about calculating TOT.

4. File and pay your Business Personal Property Tax

Hosts are required to report an inventory of their Business Personal Property and potentially pay a tax on that property annually. Hosts are required to submit Form 571-STR with the City of San Francisco Assessors Office. If you have previously submitted Form 571-STR for your hosting services and your personal property was valued at less than \$50,000, you may not need to re-submit again. Visit the Assessors website to learn more about this exclusion.

5. Renew your Certificate with the Office of Short-Term Rentals every 2 Years

Once certified, you must continue to comply with the law. Visit the Office of Short-Term Rentals website to read the ongoing requirements for all short-term rental hosts.

Short-Term Residential Rental Guide



Frequently Asked Questions

Q: What if I want to include the Transient Occupancy Tax (TOT), also known as a hotel tax, as part of my rental fee? Am I allowed to do that?

A: The party that receives the rent payment adds the TOT to the rent and collects both at the same time. To calculate TOT, multiply the rent charged by 14%. The party receiving payment from the guest must provide a receipt. The receipt must separately state the amount of TOT collected.

Q: What if I want to add a service fee to the rental price?

A: If you add a service fee, then it is also subject to TOT. The TOT you collect will be 14% of the guest's payment plus the service fee. For example, if a guest is charged \$110, plus a \$20 "service fee," the taxable rent is \$130. The TOT would be 14% of \$130, which is \$18.20.

Q: What if the website company I am using charges me a fee or commission? How does affect calculation of TOT?

A: Arrangements between a host and a website company do not affect calculation of TOT. TOT is calculated based on the amount paid by the guest. The obligation to submit the full amount of TOT owed applies jointly to the host and the website company.

Following up on the last example, suppose an agreement exists between a website company and a host that the website company will retain 20% of the \$110 charge (\$22) as a "commission" on the rental transaction, and the website company will also retain the \$20 service fee. Therefore, the website company retains \$42 and passes along \$88 to the host. The rent charged to the guest is still \$130, regardless of how the website company and the host have agreed to divide those funds. The TOT is still 14% of \$130: \$18.20. The full amount of rent received (\$130) must be reported on San Francisco TOT filings. When a host uses a website company that does not fulfill this obligation, the host remains responsible for TOT reporting and

remitting obligations. In this example, the host would report \$130 rent received – not \$88 – and would remit \$18.20 in TOT.

Q: What if I use a hosting platform that is not a Qualified Website Company to advertise my rental unit?

A: You are responsible for collecting the TOT and remitting it to the Office of Treasurer & Tax Collector.

If you use a non-QWC platform to advertise your unit and the platform collects guests' payments before forwarding them to you, then both you and the platform are jointly responsible for collecting the TOT and making sure that the Office of Treasurer & Tax Collector receives the TOT paid by the guest. The Office of Treasurer & Tax Collector may collect the TOT plus interest and penalties, from either operator – the website company or the host.

Q: Is there any way for a host who works with a non-QWC to avoid having to deal with collecting TOT, getting a Certificate of Authority, and submitting monthly TOT filings?

A: If you earn \$40,000 or less from short-term rental income per year, then you can apply to be a Small Operator. As a Small Operator, you can file and pay the TOT annually by January 31. If you earn more than \$40,000 per year, then you must obtain a Certificate of Authority and pay the TOT on a monthly basis.

Q: What if I don't know how to estimate the amount I will earn at the time that I register as a business?

A: You should provide your best estimate. If you begin as a Small Operator (\$40,000 or less per year) but your rent collected exceeds \$40,000, you will need to contact the Treasurer and Tax Collector's Office to update your filing and payment schedule, and obtain a Certificate of Authority.

Q: What if I want to change or update the information I submitted on my Business Registration Application or the questions about my tax filing status?

A: Submit a request with the information you need to update.

Q: What if I've already registered and paid TOT before Airbnb became a Qualified Website Company?

A: Update your account information so that you stop getting monthly "reminders to file," and get notified about refunds for registration fee and TOT already submitted.

Q: What information is public?

A: A public list of registered business locations in San Francisco is maintained by the Office of Treasurer-Tax Collector, including business locations that have been sold, closed, or moved out of San Francisco. The following information you submit as part of your business registration application will be available online at data.sfgov.org.

- Business Account Number
- Owner Name
- DBA "Doing Business As" Name
- Location Address(es)
- Business Start/End Date
- Mailing Address
- NAICS code (The North American Industry Classification System (NAICS) is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy)

Short-Term Residential Rental Guide



Frequently Asked Questions

Q: What if I started my short-term rental business a few years ago?

A: The application for a new business registration will ask you for your start date. If you owe TOT for any prior periods, the Treasurer and Tax Collector will contact you with instructions for how to file and pay.

Q: Can I host short-term rentals in an industrial or retail building?

A: No. However if a portion of the building was already permitted (by Planning Department and the Department of Building Inspection) for residential use, then only that specific area may be eligible.

Q: What if I received a letter from the Treasurer and Tax Collector about hosting, but I am no longer in business?

A: Anyone who operates a business in San Francisco (including hosts) must register. If you have already stopped operation, you may register and submit a close of business form at the same time. If you owe registration fees or TOT for any prior periods, the Treasurer and Tax Collector's Office will contact you with instructions for how to file and pay.

Q: What if I declare that I use a QWC exclusively but then decide to list my unit on another platform or rent to a friend?

A: Submit a request with the information you need to update. Make sure to include your Business Account Number and email address in your request.

Q: What if I receive rent for stays that are 30 days or longer?

A: Rent for stays that are 30 days or longer are not taxable. TOT only applies for rent received for stays that are less than 30 days. You do not need to include stays that are 30 days or longer in any TOT filings or payments.

* Please note the information provided here is only applicable to local transient occupancy (hotel) taxes and does not include potential State or Federal taxes. In addition, separate business personal property taxes are administered by the Office of the Assessor-Recorder.

Q: What if I want to rent out more than one unit?

A: You can only rent out your residential unit, which is where you live for a minimum of 275 nights per year. If you own multiple properties, you can only rent out the residential unit in which you reside. You may have multiple listings for different rooms within the same residential unit (for example, different bedrooms).

You can rent out your unit for a maximum of 90 nights per year if you will not be present overnight at the time of your guests' stay. You can rent out your registered unit for an unlimited number of nights only if you will also be living (staying overnight) in the unit during your guests' stay.

Please note that hosting more than five (5) separate and unrelated persons/groups in a single-family home is generally not allowed, as it is considered to be an unauthorized change of use to "group housing" (similar to a boardinghouse, hostel, or some "hacker homes"). While "group housing" does exist in some residential neighborhoods, it requires specific approvals from both the Planning Department and Department of Building Inspection. In addition, group housing requires a minimum seven (7) day stay for each guest.

Q: What if I move and want to rent out my new place?

A: You must notify the Office of Short-Term Rentals, and the Office of the Treasurer and Tax Collector. Add a location to your business registration account with the Treasurer and Tax Collector.

You must have lived in your new unit for a period of 60 consecutive days. Once you have met the minimum residency requirement, you can register your new unit with the Short-Term Rental Registry. You will not have to do anything to take your old unit off the Registry; it will automatically be invalidated when you apply for your new registration, and the old unit will not be eligible for short term rental unless a new occupant reapplies.

Q: What if I no longer want to rent out my residence? Do I need to file anything to close my business?

A: You must close your business with the Treasurer and Tax Collector. Also notify the Office of Short-Term Rentals, by e-mail with the date you are closing your business, your name and address, at shorttermrentals@sfgov.org.

Q: Do the registration requirements only apply if you use websites such as VRBO or Airbnb?

A: No, these rules apply whether or not you use a website (also known as a hosting platform), or other services (e.g. online bulletin boards such as Craigslist, word-of-mouth, print advertisements) to offer short-term rentals in San Francisco.

Short-Term Residential Rental Guide



Frequently Asked Questions

Q: Is there a limit on the number of guests I can have in my home at a given time?

A: Yes, there are two factors to consider. First, based on the type of dwelling, there are certain building/housing code limits that apply. Second, the operation of a short-term rental should not change the character of a dwelling into an unauthorized group housing use, akin to a boarding house or hostel. For example, while a large family may be hosted in a short-term rental (assuming compliance with building/housing codes), renting out the dwelling to more than five (5) separate and distinct persons/families at the same time would generally not be allowed. Please note that any construction, including adding kitchens or stoves requires permitting by the Department of Building Inspection and Planning Department.

Q: Do these rules apply to group housing? What about to existing commercial hotels?

A: No. Group housing is subject to separate approvals, as are hotels.

Q: Can I host short-term rentals in an industrial or retail building?

A: No. However if a portion of the building was already permitted (by Planning Department and the Department of Building Inspection) for residential use, then only that specific area may be eligible.

Q: What happens if my landlord or my homeowners' (or condominium) association prohibits me from hosting short-term rentals?

A: The City's rules do not override any private agreements such as leases or association rules. Any enforcement of said rules or private agreements resides with the parties of the agreement (e.g. property owner or association), as the City does not enforce these private agreements.

Q: Can I host commercial events such as corporate meetings or weddings (as a business) at my home?

A: Generally, hosting of commercial events (renting out your home without overnight stays) is not subject to registration with the Office of Short-Term Rentals. Please be aware that this type of activity would likely violate the Planning Code's rules for allowed uses of dwelling units. For more information contact the Planning Information Center.

Q: Do these rules apply to corporate rentals for 30 days or more to the same guest?

A: No. Rentals for more than 30 nights are not considered a short-term rental and would not require certification with the Office of Short-Term Rentals. Ensure that any dwelling units used for corporate rentals are not income-restricted units (e.g. below-market-rate or BMR units). It is also recommended that you review any homeowners' or condominium association documents that may restrict such activity.

Q: How can I tell if my neighbor has registered with the City to host short-term rentals?

A: While there is no publicly available centralized list of all approved short-term rental hosts, you can visit the San Francisco Property Information Map website to look up a specific address, then choose the "Planning Apps" tab on the right-hand side of the screen and scroll down to see if there is an approved "STR." Approved applications are visible, however pending and denied applications are not shown.



Terms

Business Account Number (BAN)

When you receive your Business Registration Certificate, you will be given a BAN that can be used to complete online tax filings in the future. Hosts who apply for a Business Registration Certificate online will be given a temporary BAN in order to register with the Office of Short-Term Rentals.

Business Personal Property Taxes

Under the State Constitution, all property is subject to property tax unless otherwise exempt. In California, numerous types of property are subject to taxation. The most common property subject to taxation is real property, usually thought of as land and improvements or buildings. A second type of taxable property is business personal property, which is property used to operate a business, (a short-term rental is considered a registered business), excluding land and improvements. For example, items such as furnishings, includes furniture, kitchen appliances, and washing/drying machines in rentals are considered business personal property. Business personal property taxes are administered by the San Francisco Assessor-Recorder. For more information review the following Assessor-Recorder document.

Business Registration Certificate

All San Francisco businesses must register with the Treasurer and Tax Collector. If you meet certain requirements as a short-term residential rental host, you can apply online for your Business Registration Certificate. Hosts who apply online will receive their temporary Certificate via email within minutes of registering.

Certificate of Authority (COA)

Hosts must apply for a Certificate of Authority, which gives permission to collect taxes from guests and remit them to the City. All hosts need a COA unless you only use a Qualified Website Company for your listings, or you earn \$40,000 or less in rent per year and request to be designated as a Small Operator.

Short-Term Residential Rental Guide



Terms

Dwelling Unit

A Residential Use defined as a room or suite of two or more rooms that is designed for, or is occupied by, one family doing its own cooking therein and having only one kitchen. A housekeeping room as defined in the Housing Code shall be a Dwelling Unit for purposes of this Code. For the purposes of these rules, a host in a multi-unit building may only offer short-term rentals in their own dwelling unit, and not any other dwelling units or accessory dwelling units (if present) at the property.

Dwelling Unit, Accessory

Also known as a Secondary Unit, Granny Flat, or In-Law Unit. This is a Dwelling Unit added to an existing residential property. Short-Term Rentals may only be offered in an Accessory Dwelling Unit, if the unit is determined eligible, and the host is a resident of the Accessory Dwelling Unit. A resident of the primary dwelling (“main house”) may not host short-term rentals in the Accessory Dwelling Unit.

Host

Hosts rent a portion or the entire premise of their residential unit to guests for periods of less than 30 nights. Some hosts receive payment through online companies that handle short-term rental bookings and some receive payment directly from the guest. All of these transactions are subject to San Francisco tax laws (and registration with the Office of Short-Term Rentals).

Permanent Resident

A permanent resident can be either a property owner or a tenant. To qualify as a permanent resident, you must live in the unit for at least 275 nights of any given calendar year. Regardless of whether you are a property owner or tenant, you may only register the specific unit in which you reside. If you are a new resident, you must have lived in your unit for at least 60 consecutive days before you can apply to place your unit on the Short-Term Residential Rental Registry.

Qualified Website Company (QWC)

Qualified hosting platforms can collect the TOT on behalf of the host and remit the taxes to the City and County of San Francisco. If you use one of these hosting platforms, then you do not have to obtain a Certificate of Authority or collect and remit TOT for any transactions booked through the site. Currently, Airbnb is the only hosting platform that is a Qualified Website Company.

Short-Term Residential Rental

Rental of all or a portion of your residential unit for periods of less than 30 consecutive nights is considered a Short-Term Residential Rental. If you rent out your unit while you are present, you may do so for an unlimited number of nights per year. If you are not present, the maximum is 90 nights per year.

Short-Term Residential Rental Registry

In addition to the Business Registration Certificate from the Treasurer and Tax Collector’s Office, qualified hosts must be certified with the Office of Short-Term Rentals. Once you are approved you will be issued a registration number that allows you to legally rent out your residence.

Small Operators

Hosts who have a Business Registration Certificate can apply online to be designated as a “Small Operator.” Small Operators can file the TOT on an annual basis rather than monthly, and do not need a Certificate of Authority. To qualify, you must make \$40,000 or less per year from renting out your residence.

Transient Occupancy Tax (TOT)

San Francisco residents who rent out any portion of their residence must collect a 14% tax on the rental amount that they charge their guests. This tax is paid by the guest, so the guest will be charged 14% on top of your listed rental fee.