

City of Flagstaff

Short-Term Rental License Fee Analysis – 2026

Executive Summary

The City Management Services Division has prepared a fee analysis for the Short-Term License Fee. The proposed fee is to recover the cost of licensing and management of short-term rental properties.

Staff intends to provide City Council with a recommendation for Short-Term Rental Licensing Fees at the May 5, 2026 and May 19, 2026 Council meetings. It is anticipated an Ordinance will be adopted with the new fee at the May 19, 2026 Council meeting with an effective date of July 1, 2026. The current Short-Term Rental License Fee is \$185.00, established in September 2023. The proposed fee of \$250.00 represents an increase of \$65.00 per license.

Short-Term Rental License Fee Proposal

Staff Proposal

Staff has developed a licensing fee proposal that will meet the proposed cost considerations of managing the licensing and compliance for short-term rentals.

To develop the proposed licensing fee, staff looked at the staffing, software, and operational expenses as well as an indirect cost allocation for the program.

Cost of Service	Annual Costs
Personnel	\$193,000
Software Services	\$ 75,000
Operating Expenses	\$ 1,700
Indirect Costs	\$ 27,000
Total Cost of Service	\$297,000

The City anticipates approximately 1,100 short-term rentals receiving a license on an annual basis. The full cost recovery amount would be approximately \$270 per license ($\$297,000 \div 1,100$); however, the is set at \$250.00. Therefore, the Short-Term Rental License is recommended to be set at \$250 for an annual license.

During adoption of the fee, the City Council may approve, disapprove, or modify the proposed rates or fees at that time.