

Lenzi, Chelsea

Public Comment Group 5

From: Paula Polley <paulapolley@gmail.com>
Sent: Monday, June 05, 2017 3:43 PM
To: sbcob
Subject: Please present this letter for tomorrow's meeting
Attachments: Screenshot 2017-06-05 15.12.48.png; ATT00001.htm; STR letter to Santa Barbara Board of Supervisors.pdf; ATT00002.htm; COPY.jpg; ATT00003.htm

Hello SBCOB,

Please present my letter tomorrow.

To read the whole letter, please click open the pdf.

Feel free to call or email me with questions or comments.

Thank You,

Paula Polley

letter to: SB County Board of Supervisors
from: Santa Barbara homeowner and former STR host, Paula Polley Nelson

10 groups crushed by the STR ban

1.) CITY OF SANTA BARBARA ITSELF

The city is losing out on valuable revenue from the STR tax. True, some STR hosts don't pay their fair share, but if we can track illegal STRs with the ban, we can certainly track down delinquent tax payers without the ban.

2.) SERVICE INDUSTRY WORKERS

The effects of the ban have been financially devastating for house cleaners, gardeners, trades people, window-washers, pest controllers, caterers, tree trimmers and many others. The house cleaners and gardeners particularly are losing out on a once reliable income stream they'd depended on for supporting their families. *[There are many examples of this throughout the U.S.]*

3.) RESTAURANTS

With fewer families and groups renting homes in Santa Barbara for their vacations, there are fewer families and groups eating out at local restaurants. Don't assume these folks will simply rent hotel rooms instead. No. They want to be together in a home so they will simply find another municipality on the California Coast that DOES allow STRs.

4.) RETAILERS

Same argument as above. Fewer visitors = fewer shoppers.

5.) TRAVEL & RENTAL BUSINESSES

Fewer tourists means less need for rental management companies and travel businesses like airlines, cabs and buses. It also hurts rental businesses—car rentals, boat rentals, bike rentals, even baby gear rentals.

Again, those in the Sharing Economy will not be heading for Santa Barbara hotels. It's not in their DNA. In fact, many of them rent out their own homes while they're on vacation. All part of the emerging Shared Economy.

6.) **GROWERS and GROCERS**

Tourists who rent STR homes spend their dollars at our farmer's markets and at the many amazing grocery stores Santa Barbara has to offer. These food dollars are then spread throughout the community, going to farmers, vendors, grocers, growers, fisherman and may others. With the STR ban, tourists' food dollars stay in the hotels, many of those dollars actually leaving the community for corporate headquarters in other states and countries.

7.) **ACTIVITIES & ATTRACTIONS**

Fewer groups and families visiting Santa Barbara mean lower attendance at the many landmarks, events and attractions. Again, don't believe that these displaced tourists will be heading for the pricey, cookie-cutter-room hotels. Not happening.

8.) **TOUR OPREATORS**

Wine tours. Whale watching tours. Entertainment events. They'll still get the hotel crowd. But a chunk of their business evaporates with the STR ban.

9.) **HOME OWNERS**

The Internet and the applications it has spawned in the new Shared Economy—shared homes, shared cars, shared experiences—has made it possible for those in forward thinking municipalities to subsidize the rising costs of home ownership through sharing. Some cities embrace this new economy. Others fight it. Historically the long view wins out over the rear view.

10.) **The HOUSING INDUSTRY**

Transitioning from a tourist economy to a bedroom community economy should help shrink the housing market. Fewer jobs = fewer residents. Fewer STR tourists = less need for housing. All translating to less work for realtors, contractors, builders, building suppliers transporters and rental managers. Everything relating to housing and real estate will suffer. It's already happened elsewhere this sort of ban has been tried.

Lenzi, Chelsea

From: Cg Broderick <cgbroderick59@icloud.com>
Sent: Monday, June 05, 2017 3:44 PM
To: dwilliams@countyofsb.org; Wolf, Janet; Hartmann, Joan; peteradam@countyofsb.org; stevelavagnino@countyofsb.org
Cc: sbcob
Subject: The Future of Short Term Rentals in Santa Barbara County

Dear Board of Supervisors,

Thank you for taking the time to read this email. I am currently employed in Santa Barbara as a reservationist for a vacation rental company. I very much enjoy my job and my family relies on the income.

Please allow and regulate ALL short term rentals

Please do not prohibit short term rentals

Short term rentals have been successfully regulated in other jurisdictions. Please do a test of regulations before you dismiss the idea that they cannot be regulated.

Santa Barbara County is a place of style, romance and family serenity. It is a destination that offers something for everyone. What I love about our area is the interesting architecture, sandy beaches, the choice of local restaurants to enjoy, as well as a small town feel. I am proud to assist in making visitors trips to Santa Barbara County unforgettable and look forward to assisting them again when their future plans bring them to the Santa Barbara area.

Sincerely,

CG Broderick

Lenzi, Chelsea

From: Joan Brandoff <joanbrandoff@outlook.com>
Sent: Monday, June 05, 2017 3:53 PM
To: sbcob
Subject: Re: Short term rentals

County Clerk,

Re: Short term rentals

In the upcoming vote regarding regulations for short term rental use within the unincorporated area of Santa Barbara County, I urge the Board of Supervisors follow the recommendations of the Planning Commissions and vote to prohibit short term rentals within residential zoned areas. Retain integrity of the established residential environment and maintain the fabric of the community, the families. I urge them to follow their explicit mission: "Provide quality public services to the people of Santa Barbara County in response t their need for a healthy, safe, and prosperous environment..."

Though this use may not be prevalent or an issue for all districts, I urge the Board to consider those areas of the county where it is, such as the Santa Ynez Valley. Please vote to retain neighborhoods. The lack of regulations has created commercial opportunities for real estate agents and owners of second homes and has driven up home prices and driven out people who want a home and membership in a community. Real estate agents are marketing homes in my neighborhood as great investment opportunities because of the potential for short term rental income. Residents should be able to retain their expectation of safety and privacy in their neighborhoods, not the traffic and activity associated with hotel and commercially zoned areas. Cities in the county have already placed these prohibitions within their boundaries.

The income the county would receive from taxes and fees associated with short term rentals will fall short of monies needed for administrative costs and compliance if str's are permitted. This means there will be no additional revenue to the county and a big cost to the residential environment in the unincorporated areas. Home prices will continue to be driven up higher as investors surge to make a profit from our neighborhoods, making them commercial areas.

I understand that the supervisors have had many comments in favor of str's from realtors and visitors who seek accommodations in our neighborhoods. These folks have something to gain, where the residents of these neighborhoods have a lot to lose. We already have significant traffic by visitors to the valley. It is beautiful here, I agree. We have accommodations in the many hotels of the area for visitors, and restaurants and parks where visitors can party and play. Visitors don't need to be staying where our children live and play.

As you review the volume of public comments, I urge you to recognize that many neighborhood residents in the unincorporated area are unlikely to comment because of their situations. They are families where both parents work; their families and homes are their focus. The time to attend public meetings or submit written comments is limited and beyond their main objectives of getting dinner on the table, the laundry done, and keep the kids in line. They are your constituency. For each resident that comments that they don't want this use in their neighborhood, know that there are a hundred more residents of the same opinion, who do not have the time or energy to participate in public comment periods. They expect you to protect their neighborhoods without having to ask. Respect the analysis of the Planning Commissions that led to their thoughtful recommendations which were presented to the Board in December 2016. It is time to make a decision.

Yours truly,

Joan E. Brandoff

2490 Baseline Ave.

Ballard, CA 93463

June 4, 2017

Lenzi, Chelsea

From: theokracke@gmail.com on behalf of Theo Kracke <theo@paradiseretreats.com>
Sent: Monday, June 05, 2017 4:24 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Cc: Bantilan, Cory; Nelson, Bob; Litten, Jefferson
Subject: STR Agenda Item: Important considerations
Attachments: STR Hearing-Public Comment-Theo Kracke.pdf; T.O.T. Paid to SB County - Paradise Retreats.pdf; Sample Reservation Agreement - Paradise Retreats.pdf

Dear Honorable Chair Hartman and Board of Supervisors:

Please read the attached letter in regards to the Short Term Rental agenda item you are considering tomorrow.

Thank you,

Theo Kracke

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Theo Kracke
President
Paradise Retreats
World Class Vacation Rentals, LLC
theo@paradiseretreats.com



16 E. Arrellaga Street
Santa Barbara, CA 93101
P 805-275-1851
F 805-299-1829
www.ParadiseRetreats.com
info@ParadiseRetreats.com

Santa Barbara County
Board of Supervisors
105 E. Anapamu Street
Santa Barbara, CA 93101

June 5, 2017

Honorable Chair Hartmann and Board of Supervisors,

RE: Item D-1, Short Term Rentals;
Hearing Date June 6, 2017

Thank you for the opportunity to comment on Short Term Rental (STR) policy in Santa Barbara County.

I am the Founder of Paradise Retreats, the largest local vacation rental management in Santa Barbara County. I employ over 25 people and manage over 100 rental properties in Santa Barbara County. I have been a resident of SB County since 1981 and founded Paradise Retreats in 2006, after selling Techstyles Sportswear, which I founded in 1986.

Support for regulations of STR

Paradise Retreats is a model of best practices in the STR industry:

- We have paid \$460,920 in taxes to the County Treasurer Tax Collector (TTC) in the last 16 months alone (Attachment A: Copy of TOT Payment to County of Santa Barbara).
- We only work with compliant, responsible property owners who are willing to invest in Noise Aware technology and surveillance cameras in driveways and parking areas.
- All renters must sign a Reservation Agreement which outlines 1) maximum number of overnight guests (ex. 2 per bedroom); maximum number of people allowed on property; and 3) maximum number of cars, all of which must be onsite; no street parking is allowed (Attachment B: Sample Reservation Agreement).
- All guests must be listed and approved prior to occupancy.
- If guests violate the Reservation Agreement, they forfeit the security deposit and may be required to immediately leave the property. Complaints from neighbors – including noise - are grounds for loss of deposit and eviction. We receive an immediate notification via text if the noise onsite exceeds a certain decibels

threshold through the *Noise Aware* technology. Our property manager then makes an immediate phone call to the tenant warning them of the issue.

- Note that in over 10 years of running this company, I typically encounter a 2-4 violations per year (out of over approximately 2,000 reservations per year.)

Prohibition will not solve neighborhood complaints

We encourage the County to regulate – not ban – this industry. Prohibition is not the answer. Our property management company is evidence that STR can be successfully, and reasonably regulated.

If your Board chooses to prohibit STRs, they will continue to operate because the demand for a sharing economy is here to stay. The hotel industry alone cannot support our massive local tourism economy – which is evidenced by their support letters. The hotel industry is reliant on STRs to augment their overnight accommodation supply. Furthermore, the hotel industry recognizes that their Average Daily Rates are cost prohibitive for many visitors, especially families.

A prohibition will result in an unregulated industry and lack of a local enforcement and tax collection framework. Neighbors will not have a recourse mechanism. If the County enacts a prohibition, the County will still have to address neighborhood issues, but without a revenue stream to fund enforcement staff resources. Please enact a reasonable regulatory policy and provide the industry with a path to compliance.

Allowing Home Stays and STRs in AG II, Mixed Use & Commercial is NOT a compromise

Home Stays make up less than 20 percent of the industry. Most visitors rent full homes because they have small children or families and prefer the privacy of a full home rental. Allowing Home Stays is not a compromise and will not generate meaningful revenue for the County because they make up such an insignificant percentage of the industry. Furthermore, how could the County possibly enforce homestays?

STRs in AG-II, mixed use and commercial zones only represents 8 percent of STRs. Only allowing STRs in these zones is essentially a prohibition.

TOT from STR can and should increase

We estimate that only 25 percent of the STR industry is registered with the Treasurer Tax Collector (TTC) and paying Transient Occupancy Tax (TOT). If this estimate is accurate, we can project that with increased enforcement efforts, both by the industry and the County, this revenue could increase to \$6M annually.

Although all of Paradise Retreats' property owners are paying taxes, I recently lead a "County TOT Registration Drive" to members of our advocacy organization "Save the Rentals

Santa Barbara” (of which 369 identified themselves as STR property owners). Within one week, we had 4 commitments from property owners who were going to voluntarily register to begin paying TOT. This demonstrates that the industry wants to be compliant – we just need surety that the County will not ban STRs. I am committed to continuing to lead this industry self-enforcement effort by forming a coalition of local leaders and setting a goal of 100% of SB County STR owners being registered to pay TOT. We are eager and willing to partner with the County in these efforts.

Parallel to the industry’s efforts, we suggest that the Board direct the TTC to increase its enforcement efforts of property owners who are not paying TOT. Note that Sonoma County – a “benchmark” County – collected \$5.5 million dollars in TOT in FY 15-16. STRs provide the County with a critical mechanism to generate revenue without building new infrastructure.

Prohibition of STRs would result in a loss of revenue of \$1.67 million during a serious budget deficit. This is significant and cannot be ignored.

Impacts to affordable housing

The City of Santa Barbara prohibited STRs in 2015. Note that the vacancy rate in the City has not changed. In fact, it has gotten worse. Furthermore, ***not a single one of Paradise Retreats’ STR properties in the City of Santa Barbara have been converted to long-term rentals, nor sold by the owner.*** This is because the owners of these properties use them throughout the year and these properties will never be part of the long-term housing supply. The lack of any increase in affordable housing in the City of Santa Barbara offers a local case study to disprove the notion that a prohibition of STR would increase affordable housing supply.

Enforcement

We are supportive of a proactive enforcement program by both Planning and Development and Treasurer Tax Collector staff as outlined in the staff letter (Section 4.0 Enforcement). We also recommend adopting a meaningful fee penalty schedule for violators. Sonoma County staff subject vacation rental owners who are operating without the necessary permit to a penalty of ten (10) times the normal application fee – which amounts to \$7,020.00. Additionally, the Treasurer Tax Collector levies a 10% penalty for the first 30 days a vacation rental owner does not pay TOT, and a second 10% penalty after that. Furthermore, Sonoma County charges interest at 1.5% compounded monthly. We believe these penalties are high enough to compel compliance with County policy.

We also support the proposed revocation standards and annual permit renewal as outlined in Attachment 9 Development Standards.

Proposal for reasonable regulations

We urge your board to give regulations a chance before instituting a blunt prohibition.

Paradise Retreats has proven that reasonable regulations generate significant revenue for the County, avoid neighborhood impacts, and provide families with affordable overnight accommodations.

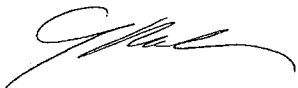
We urge the Board to adopt Recommended Action C: Direct staff to revise the proposed STR ordinances, and return and present the revised STR ordinances to the Board INCLUDING A ONE YEAR REGULATORY PILOT PROGRAM TO INCLUDE:

- 1) Ordinance to permit STR **in all zones** with a business license and ministerial permit, including Development Standards as proposed in Attachment 9 and Supplemental Application as proposed in Attachment 10, and a fee penalty structure, modeled from Sonoma County;
- 2) Direct TTC to work with the STR industry to increase enforcement of property owners who do not pay TOT, and awareness of this enforcement framework among STR property owners; and
- 3) Direct staff to return no later than June 6, 2018 with a report on the implementation of the ordinance including trends in TOT and number and nature of complaints related to STRs.

We are supportive of the draft Development Standards proposed by staff in Attachment 9 and the draft Supplemental Application proposed by staff in Attachment 10 and believe these should be applied to all STRs and zone districts. These include safety and compatibility standards including compliance with building, fire and health codes, prohibitions on use of certain structures as STRs and limitations on number of STRs allowed per lot.

In conclusion, the sharing economy is here to stay. The demand for STR is immense. Prohibiting the STR industry would be short sighted, would not prevent neighborhood impacts, and it would be fiscally irresponsible to eliminate a significant source of revenue during a severe fiscal deficit. This industry wants to be regulated. A few bad actors or misperception is not a reason to ban an entire industry. Please provide the Short Term Rental industry with a reasonable permitting pathway that balances the viability of the industry while protecting the character of neighborhoods.

Sincerely,



Theo Kracke

Founder, Paradise Retreats, World Class Vacation Rentals, LLC
Executive Director, Save the Rentals Santa Barbara

TOT paid by Paradise Retreats to the County of Santa Barbara

Date	Type	No.	Payee	Category	Total
2017 YTD					
2017-05-01	Check	24888	Harry E. Hagan	County of Santa Barbara TOT	39,581.34
2017-03-31	Check	24811	Harry E. Hagan	County of Santa Barbara TOT	17,061.48
2017-02-28	Check	24739	Harry E. Hagan	County of Santa Barbara TOT	17,046.39
2017-01-31	Check	24684	Harry E. Hagan	County of Santa Barbara TOT	29,302.48
2017 YTD Total					102,991.69
2016 Jan-Dec					
2016-12-31	Check	24585	Harry E. Hagan	County of Santa Barbara TOT	13,901.76
2016-11-30	Check	24503	Harry E. Hagan	County of Santa Barbara TOT	25,787.12
2016-10-31	Check	24422	Harry E. Hagan	County of Santa Barbara TOT	30,933.01
2016-09-30	Check	24331	Harry E. Hagan	County of Santa Barbara TOT	33,000.18
2016-08-31	Check	24226	Harry E. Hagan	County of Santa Barbara TOT	56,891.46
2016-07-31	Check	24074	Harry E. Hagan	County of Santa Barbara TOT	55,410.97
2016-06-30	Check	23960	Harry E. Hagan	County of Santa Barbara TOT	34,190.31
2016-05-31	Check	22871	Harry E. Hagan	County of Santa Barbara TOT	27,301.42
2016-04-30	Check	22869	Harry E. Hagan	County of Santa Barbara TOT	23,170.30
2016-03-31	Check	23626	Harry E. Hagan	County of Santa Barbara TOT	15,681.10
2016-02-29	Check	23495	Harry E. Hagan	County of Santa Barbara TOT	10,656.48
2016-01-31	Check	23401	Harry E. Hagan	County of Santa Barbara TOT	31,005.05
2016 Total					357,929.16

= copies of checks provided

24226

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
16 E. ARRELLAGA ST.
SANTA BARBARA, CA 93101


1001 Marsh St.
San Luis Obispo, CA 93401
PACIFIC WESTERN BANK
90-3820/1222

09/01/2016

PAY TO THE ORDER OF **Harry E. Hagan**

\$ ****56,891.46**

Fifty-six thousand eight hundred ninety-one and 46/100*****

DOLLARS

Harry E. Hagan
County of Santa Barbara
Treasurer Tax-Collector
P.O. Box 579
93102

VOID AFTER 90 DAYS

MEMO

AUTHORIZED SIGNATURE

Security features. Details on back.

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
09/01/2016 **Harry E. Hagan**

24226

August Payment

56,891.46

1000 Reservation Funds (2)

56,891.46

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
09/01/2016 **Harry E. Hagan**

24226

August Payment


56,891.46

1000 Reservation Funds (2)

56,891.46

24074

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
16 E. ARRELLAGA ST.
SANTA BARBARA, CA 93101


1001 Marsh St.
San Luis Obispo, CA 93401
PACIFIC WESTERN BANK
90-3820/1222

08/01/2016

PAY TO THE ORDER OF Harry E. Hagan

\$ **55,410.97

Fifty-five thousand four hundred ten and 97/100*****

DOLLARS

Harry E. Hagan
County of Santa Barbara
Treasurer Tax-Collector
P.O. Box 579
93102

VOID AFTER 90 DAYS

Security features. Details on back.

MEMO

AUTHORIZED SIGNATURE



PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
08/01/2016 Harry E. Hagan

24074

July Payment

55,410.97

1000 Reservation Funds (2)

55,410.97

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
08/01/2016 Harry E. Hagan

24074

July Payment

55,410.97

1000 Reservation Funds (2)

55,410.97

23960

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
16 E. ARRELLAGA ST.
SANTA BARBARA, CA 93101



1001 Marsh St.
San Luis Obispo, CA 93401
90-3820/1222
PACIFIC WESTERN BANK

07/03/2016

Security features. Details on back.

PAY TO THE ORDER OF: Harry E. Hagan

\$ **34,190.31

Thirty-four thousand one hundred ninety and 31/100*****

DOLLARS

Harry E. Hagan
County of Santa Barbara
Treasurer Tax-Collector
P.O. Box 579
93102

VOID AFTER 90 DAYS

AUTHORIZED SIGNATURE

MEMO

PARADISE RETREATS
WORLD CLASS VACATION RENTALS
07/03/2016 Harry E. Hagan

23960

June TOT Payment


34,190.31

1000 Reservation Funds (2)

34,190.31

24331

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
16 E. ARRELLAGA ST.
SANTA BARBARA, CA 93101


1001 Marsh St.
San Luis Obispo, CA 93401
90-3820/1222

10/03/2016

PAY TO THE ORDER OF **Harry E. Hagan**

\$ ****33,000.18**

Thirty-three thousand and 18/100*****

DOLLARS

Harry E. Hagan
County of Santa Barbara
Treasurer Tax-Collector
P.O. Box 579
93102

VOID AFTER 90 DAYS

Security features. Details on back.



MEMO

AUTHORIZED SIGNATURE



PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
10/03/2016 **Harry E. Hagan**

24331

September Payment

33,000.18

1000 Reservation Funds (2)

33,000.18

PARADISE RETREATS
WORLD CLASS VACATION RENTALS LLC
10/03/2016 **Harry E. Hagan**

24331

September Payment

33,000.18

1000 Reservation Funds (2)

33,000.18





16 E Arrellaga Street, Santa Barbara, CA 93101
 805-275-1851 – reservations@ParadiseRetreats.com

Reservation Agreement

11/27/2015

1. GUEST:

a. [REDACTED] ("Guest) agrees that he/she is being granted a revocable license, on the terms and conditions contained in the Agreement, to occupy the Property for vacation purposes only for the term specified in the PROPERTY paragraph below.

2. PROPERTY: Guest is granted a license to occupy the furnished real property and improvements commonly known as:

- a. **Beachfront Bliss ("Property")**
- b. Areas of the Property which are used as Owner's personal storage areas are exempt from this Agreement. Entry of Guest into these areas is prohibited.

3. LICENSE TERM: ARRIVAL and DEPARTURE:

- a. Arrival: **03/27/2016, after 3:00pm**
- b. Departure: **04/04/2016, no later than 10:00am**

4. RESERVATION COSTS: Guest agrees to the following costs:

Reservation Pricing Matrix				
Season	Dates	Room Rate	Extra Charge	Total
Winter	03/27/2016 - 03/31/2016 5 nights	\$4,285.70	\$0.00	\$4,285.70
Spring - Fall	04/01/2016 - 04/03/2016 3 nights	\$3,428.58	\$0.00	\$3,428.58
Total Room Rent:				\$7,714.28
Total:				\$7,714.28
Tax:			12%	\$925.71
Cleaning Fee:				\$375.00
Booking Fee:				\$95.00
Total (includes all taxes & applicable fees):				\$9,109.99

Reservation Fee/Security Deposit: \$2,000.00

Additional Scheduled Cleanings (if applicable): \$0.00

Total Reservation Cost + Reservation Fee/Security Deposit + Additional Scheduled Cleanings: \$11,109.99

5. RESERVATION PAYMENT DUE DATES: Guest agrees to the following payment due dates:

- a. If reservation check-in date is within 90 days of the date of this Agreement:
 - i. The TOTAL is due on within 7 days of the date of this Agreement
- b. If reservation check-in date is later than 90 days from the date of this Agreement:
 - i. The Reservation Fee/Security Deposit is due within 7 days of the date of this Agreement
 - ii. The remaining Balance Due is due 90 days before the Check-In date of Reservation

6. KEYS / REMOTE CONTROLS:

- a. Upon arrival Guest will receive:
 - i. 1 initial access key (to remain in lock-box after use)
 - ii. Extra keys to Property will be on a table inside the house
 - iii. If applicable, remote control garage door opener(s) will be found near the keys
 - iv. If applicable, remote control gate opener(s) will be found near the keys
 - v. Note: Guest is responsible for replacement fee of lost keys and/or remote controls.

7. CANCELLATION DUE TO NON-PAYMENT / LOSS OF RESERVATION/SECURITY DEPOSIT /INTEREST / PAYMENT PROCESSING FEES: If Reservation Fee/Security Deposit, or Balance Due, are not received by the applicable Payment Due Date, then Paradise Retreats may, at their sole discretion, cancel this Agreement. In the case of cancellation due to non-payment of Balance Due, Guest forfeits any Reservation/Security Deposit amounts paid. No interest will be paid on any payments received. Guest is responsible for any fees incurred in processing payments, including wire transfer fees, PayPal fees, credit card processing fees, and foreign exchange fees. These fees vary, and are in addition to the total reservation cost.

8. OVERNIGHT GUESTS / MAXIMUM NUMBER OF PEOPLE AT PROPERTY / MAXIMUM NUMBER OF CARS

- a. Number of Overnight Guests for this Reservation: 10 ADULTS and 0 CHILDREN**
- b. Maximum number of people allowed on Property at any time: 13 PEOPLE**
- c. Maximum number of cars allowed to be parked at Property at any time: 4 CARS**

9. GUEST POLICIES /PARKING POLICIES:

- a. Guest Policies
 - i. The maximum number of overnight Guests allowed at this property is 11 Guests
 - 1. Note: all children over 1-year of age are counted as Guests
 - ii. If number of overnight guests changes at any time, Guest must immediately inform Paradise Retreats' office via email or phone.
 - iii. All Guests and Invitees must be listed on the Guest / Invitee Information Form, and the form must be returned with this Agreement
 - iv. No other overnight invitees are permitted without prior approval by Paradise Retreats
 - v. If more or different persons than those identified in the Guest / Invitee Information Form stay overnight without prior approval, then:
 - 1. Guest is in breach of this Agreement
 - 2. Guest, Invitees, and all others may be required to immediately leave the Property or be removed from the Property
 - 3. Guest forfeits his/her right to return of Security Deposit and Full Rental Payment
- b. Parking Policies
 - i. No RV, motor home, moving van, oversize vehicle, or trailer parking is allowed
 - ii. Street parking is not allowed, except at properties where no driveway or garage parking is provided

- iii. Parking on property areas other than the driveway and garage is strictly prohibited. Do not park on the landscaping or under trees.
- iv. Owner and Owner's Representative assume no liability for damage to Guest's vehicles or other personal property caused by, dirt, tree sap, or any other causes.

10. TRANSIENT OCCUPANCY: Guest has been granted a revocable license to occupy the Property as a transient lodger for the number of days specified in the LICENSE TERM paragraph from the Property Owner who retains full legal, possession, control, and access rights. Guest waives any right to bring any action for Forcible Entry or Forcible Detainer as set forth in CCP §§ 1159-1160, 1166, 1174

11. RESERVATION FEE/SECURITY DEPOSIT :

- a. A reservation fee/security deposit is required to confirm all reservations
 - i. Note: If an Accidental Property Damage Waiver is purchased, the standard reservation fee/security deposit is decreased by 75%
- b. Reservation fee/security deposit is the Guest's financial commitment to reserving this property, and once paid, shall not be refunded
 - i. Note: Paradise Retreats recommends the purchase of Trip Insurance to prevent the loss of any reservation fee/security deposit funds due to unforeseen cancellation
- c. Upon Guest check-in, the reservation fee/security deposit converts to a refundable security deposit

12. USE OF REFUNDABLE SECURITY DEPOSIT:

- a. All or any portion of the security deposit, upon termination of occupancy, may be used as reasonably necessary to:
 - i. Cure Guest's default in payment of rent, non-sufficient funds ("NSF") fees, or other sums due
 - ii. Cover excess accidental damages not covered by limit of Damage Waiver purchased by Guest
 - iii. Repair intentional damage or alterations caused by Guests, Invitees, and/or daytime visitors
 - iv. Clean the Property beyond the normal cleaning covered by the Cleaning Fee
 - 1. Dirty dishes; all dishes must be placed in the dishwasher and dishwasher started
 - 2. Excessive linen usage; if backup bed linens and bath towels are used, then the primary linens and towels must be washed, folded, and returned to the backup linen & towel storage areas
 - v. Replace, repair, or return Property inventory items, including but not limited to:
 - 1. Missing linens, towels, keys, and/or remote controls
 - vi. Pay gas, electric, phone, or other utility costs in excess of normal historical costs (30+ night rentals only)
 - vii. Compensate Owner's Representative for time spent dealing with "disturbances" described in the REVOCATION OF LICENSE /EVICTION / LOSS OF DEPOSIT(S) AND RENTAL FEE(S) paragraph, and any consequential damages thereto
- b. Damages exceeding the total of security deposit plus Damage Waiver coverage amount (if applicable), or damages discovered to be caused by the guest after their security deposit has been refunded, are the responsibility of Guest, and will be paid to Owner's Representative within 7 days of receipt of Invoice for itemized excess damage costs.
- c. Within 14 days after Guest vacates the Property, Paradise Retreats shall return the security deposit to the Guest
 - i. Amount returned will be the original refundable security deposit minus any costs for charges or items specified in this Agreement.

13. ACCIDENTAL PROPERTY DAMAGE WAIVER: For Guests who have purchased an Accidental Property Damage Waiver, Guest agrees that he/she has read the terms and conditions of the Property Damage Waiver Contract, which are incorporated herein by this reference and are available online at: http://paradiseretreats.com/pdf/PR_pdw_contract.pdf.

14. REVOCATION OF LICENSE /EVICTION / LOSS OF DEPOSIT(S) AND RENTAL FEE(S): The following rule violations, behavior, activities, and disturbances may result in immediate revocation of license, eviction from the Property, filing of trespass charges, and/or loss of entire security deposit(s) and rental payment(s).

a. Contract:

- i. Any reservations found to have been obtained under false pretenses
- ii. Breach of any item in this Agreement

b. Occupancy:

- i. Overnight occupancy by anyone not listed on the Guest / Invitee Information Form
- ii. Occupancy by unauthorized pets
- iii. Exceeding the maximum number of people allowed on Property at any time
- iv. Exceeding the maximum number of cars allowed to be parked at Property
- v. Leaving minors at the property without adult supervision

c. Prohibited Uses /Disturbances:

- i. Using the Property for any illegal activity, including but not limited to illegal drug use and serving of alcohol to anyone under 21
- ii. Using the Property for parties (or any other hosted events) without prior approval by Paradise Retreats
- iii. Complaints from neighbors due to loud talking and music, loud pets, excessive crowds, or excessive parking
- iv. Causing damage to the Property or neighboring properties
- v. The use of drones (or any other remote-controlled flying objects)
- vi. Any other acts which interfere with neighbors' rights to quiet enjoyment of their properties
- vii. Guest acknowledges that the actual damages resulting from disturbances which, in Paradise Retreats' sole discretion, warrant immediate revocation of license, would be impracticable or extremely difficult to determine prior to signing this Agreement. Therefore, Guest agrees that a reasonable estimate of the actual damages suffered by Paradise Retreats and Property Owner in this regard is at least an amount equal to the entire Security Deposit. Guest shall remain liable for damages which exceed the amount of the Security Deposit.

15. HOLDING OVER / LATE DEPARTURE / EARLY ARRIVAL: Guest has been granted a license to occupy the Property only for the time specified in the LICENSE TERM paragraph. After such time has expired, Guest's status becomes a trespasser. Guest agrees there shall be no holding over, late departure, or early arrival. If Guest does hold over, Paradise Retreats may contact the Police or Sheriff to arrest Guest for Trespassing. Any unauthorized holding over (additional night stays), late departure, or early arrival by Guest shall be subject to a charge of 1.5 times the daily pro-rated rent, plus any additional damages incurred, including, but not limited to, the cost of alternative housing for guests displaced by Guest's holding over. Unauthorized late check outs will be charged ½ the daily holdover rate (1.5 times the daily pro-rated rent). These additional charges are not considered additional rent, but are Paradise Retreats' best estimate and reasonable calculation for the damages Paradise Retreats and Property Owner will incur for Guest's unauthorized trespass on the Property. Guest acknowledges that these estimates are both a fair and reasonable calculation of Paradise Retreats' and Property Owner's projected damages.

16. NO DAILY MAID SERVICE / DEPARTURE CLEANING FEE: Daily maid service is not included in the rental rate; however it can be arranged at an additional cost. A Departure Cleaning Fee is to be paid in addition to the rent. The Departure Cleaning Fee is non-refundable except in the event of a qualified cancellation, as specifically provided for in the RESERVATION CANCELATIONS / EARLY DEPARTURE / ACTS OF GOD paragraph.

17. NO SMOKING: Smoking is strictly prohibited anywhere on the Property (indoors and outdoors). If there is any evidence or observation of smoking while on the Property:

- a. Guest is responsible for all damage caused by the smoke including, but not limited to: stains, burns, odors and removal of cigarette butts and other debris.
- b. Guest is in breach of this Agreement, and may be subject to eviction and loss of rents
- c. Guest forfeits the entire security deposit

18. NSF CHECKS: If a check is returned NSF, Guest shall pay \$50.00 as an NSF fee. Guest agrees that this charge represents a fair and reasonable estimate of the cost incurred by Owner's Representative to manage and recover NSF funds, and to pay bank service charges. An NSF check will result in cancelation of this Agreement if the required payment is not made by the applicable Payment Due Date.

19. UNATTENDED MINORS: Minors (defined as persons under the age of 18) may not be left on the property at anytime unless accompanied by a responsible adult

20. UTILITIES:

- a. 1-30 NIGHT RESERVATIONS: Property Owner shall pay all utilities except telephone long distance charges
- b. 30+ NIGHT RESERVATIONS: Guest agrees to pay for all electric, gas, cable, internet, and other utilities in excess of normal historical costs (as determined by average monthly costs incurred by owner during same season).
- c. ALL RESERVATIONS:
 - i. If the property has a pool, and pool heating has been requested (and paid for), the pool will be heated to approximately 84 degrees. Guests are prohibited from changing the pool temperature. Guest will incur additional charges if pool heating temperature is increased over 84 degrees.
 - ii. If trash cans must be placed on street for scheduled trash pickup, Guest agrees to place trash cans on street on the day designated in the "Routine Property Services" section of the "Property Information Notebook" provided at the Property.

21. RULES AND REGULATIONS /NO COMMERCIAL USE /NO FIREWORKS or FIRES: Guest agrees to comply with any and all rules and regulations provided within this Agreement, and also posted on the Property. Guest shall not violate any law or local ordinance. Guest shall not:

- a. Use the Property for any commercial purpose (including but not limited to photography, video, or film) without prior written permission from Paradise Retreats, payment of a commercial use fee, and signed Commercial Use Agreement
- b. Use fireworks and/or any other pyrotechnic devices; use of which is strictly prohibited and will result in loss of security deposit and may result in eviction. Open fires are prohibited on the property and on the beaches, unless they are in fire pits provided at Property
- c. Use candles in any room
- d. Leave a burning fireplace fire unattended

22. NO PETS OR SERVICE ANIMALS ARE PERMITTED ON PROPERTY AT ANY TIME: Guest shall not bring pets or service animals to the Property. No visitors may bring pets or service animals for day visits. This is a private residence and is not subject to ADA rules regarding service animals in public places. Violation of this rule will result in loss of entire security deposit.

23. MAINTENANCE: Guest shall properly use, operate, and safeguard the Property including furniture, furnishings, fixtures, appliances, electric items, landscaping, mechanical, electrical, gas, and plumbing fixtures. Guest shall immediately notify Paradise Retreats of any problem, malfunction or damage. Guest shall pay for all repairs or replacements caused by Guest, Invitees, and/or day visitors, excluding ordinary wear and tear. Guest shall pay for all damage to the Property as a result of failure to report a problem, malfunction, or damage in a timely manner. Guest shall pay for repair of drain

blockages or stoppages, unless caused by defective plumbing parts or tree roots invading sewer lines. Guest shall not arrange for any inspections, repairs, or other services to the property; all services relating to property maintenance must be performed and/or managed by Paradise Retreats' Property Services Department.

24. ADDITIONAL HOUSEKEEPING SERVICE ON 14 NIGHT+ RESERVATIONS: If this Agreement is for 14 - 28 nights, Guest agrees to an additional housekeeping service scheduled half way through their stay. If this Agreement is for 28+ nights, Guest agrees to additional housekeeping service scheduled every two weeks during their stay. Additional cleaning fee(s) will be charged for each scheduled housekeeping service. This additional charge only applies to the properties where weekly housekeeping is not included.

25. ALTERATIONS: Guest shall not make any alterations in or around the Property including but not limited to: moving furniture, painting, wallpapering, adding or changing locks, modifying fencing or landscaping, placing signs, displays or exhibits, or using screws, fastening devices, nails or adhesive materials. Guest shall not rewire, unplug, change settings, reprogram, or reset/modify any appliances, including but not limited to televisions, DVD players, washer/dryer, water heater, and Internet.

26. RIGHT TO ENTRY:

- a. Paradise Retreats' staff, Property Owner, and/or service providers have the right to enter the Property at any time, including but not limited to any of the following reasons:
 - i. To make necessary repairs, alterations, improvements, maintenance, or to restock property supplies
 - ii. To verify that Guest has complied with the terms of this Agreement
 - iii. In case of emergency
 - iv. With reasonable notice to Guest, to show Property to prospective or actual purchasers, guests, tenants, mortgagees, lenders, appraisers, or contractors

27. GUEST PERSONAL ITEMS: Guest is responsible for any personal items left at property, or lost or stolen while at property. Neither Paradise Retreats nor Property Owner shall be liable for cost to replace Guest personal items. If, after Guest departure, Guest personal items are found at property, Guest will be informed via e-mail. If Guest requests the return of the personal items, the cost of packaging, shipping, plus a \$25 service fee to return items will be deducted from Guest's Security Deposit.

28. NO ASSIGNMENT OR SUBLETTING: Guest shall not assign or sublet the Property or this Agreement.

29. UNAVAILABILITY RELOCATION or CANCELTION: If, due to prior guest hold-over, late check-out, or other circumstance, the Property is unavailable for check-in, Paradise Retreats may substitute a property of equal or higher value, or may cancel this Agreement and refund in full to Guest all payments made. Guest agrees to not hold Paradise Retreats or Property Owner liable or seek damages for inconvenience or increased costs due to cancellation or relocation. Paradise Retreats recommends the purchase of travel insurance to mitigate costs caused by unforeseen unavailability.

30. GUEST'S OBLIGATIONS UPON TERMINATION OF OCCUPANCY: Upon termination of Occupancy, Guest shall, by no later than 10:00am on scheduled day of check-out:

- Remove all persons, personal belongings, and luggage
- Vacate the Property and all parking spaces
- Lock all doors and windows

31. PROPERTY SECURITY: If all Guests vacate the property during the day or night, Guest agrees to secure property by locking all doors and windows, and, if applicable, closing the property entry gate.

32. DATA BASE DISCLOSURE: Notice: pursuant to Section 290.46 of the Penal Code, information about specified registered sex offenders is made available to the public via in Internet website maintained by the Department of Justice at www.meganslaw.ca.gov . Depending on an offender's criminal history, this information will include either the address at which the offender resides, or the community of residence and ZIP code in which he or she resides. Paradise Retreats and the Property Owner are not required to check this website. If Guest wants further information, Guest should obtain information directly from the website. Guest releases Paradise Retreats and Property Owner from any claims arising from proximity of a registered sex offender.

33. WAIVER: The waiver of any breach shall not be construed as a continuing waiver of the same or any subsequent breach. Because Guest is a licensee under this Agreement, Guest hereby waives any protection Guest may have under California Code of Civil Procedure 1159 and 1160 and California Civil Code 1940-1954.1.

34. JOINT AND INDIVIDUAL OBLIGATIONS: If there is more than one Guest, each one shall be individually and completely responsible for the performance of all obligations under this Agreement, jointly and individually with every other Guest.

35. INDEMNIFICATION, HOLD HARMLESS, WAIVER AND RELEASE OF LIABILITY: Guest acknowledges that there are certain dangers and risks of physical injury while using the Property. Guest voluntarily agrees to assume the full risk of any and all injuries, damages or loss, regardless of severity, that Guest, or Guest's invitees may sustain as a result of using the Property. Guest agrees on their behalf and on behalf of their invitees, family members, heirs, executors, administrators, agents and representatives to release and discharge, indemnify and hold harmless, Paradise Retreats and Property Owner and their employees, family members, heirs, executors, administrators, members, agents and representatives from any and all liability, demands, losses, claims, cost, damages, attorneys' fees, and causes of action and any other expenses and compensation of any nature whatsoever, including without limitation, for personal injury, property damage, wrongful death or other loss, based on a tort, contract, negligence (active or passive), equity or breach of legal or statutory duty theory of recovery arising out of or in connection with Guest's or Guest's invitees' use or occupancy of the Property, notwithstanding that the same may have been contributed to or caused by the negligent, careless or reckless acts or omissions of Paradise Retreats or Property Owner, employees, agents or representatives, including in the design, construction, maintenance, condition and repair of the Property or failure of Paradise Retreats or Property Owner to inform Guest of hazards of any kind or nature either known or unknown. Guest agrees not to sue any of the persons or entities mentioned herein for any of the claims, losses or liabilities that Guest has waived, released and discharged herein. Guest acknowledges that he/she is aware of the provisions of Section 1542 of the California Civil Code, which states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR. As a further condition of being allowed to use the Property, Guest waives any and all rights he/she may have under Section 1542 of the California Civil Code with respect to the demands, claims, actions, damages, costs and expenses described herein against any of the persons or entities mentioned herein. It is understood by Guest that the facts in respect of which the foregoing general and unilateral release is given may turn out to be other than or different from the facts in that connection to him/her or believed by him/her to be true, and Guest expressly assumes the risk of the facts turning out to be so different and agrees that the foregoing release shall be in all respects effective and not subject to termination or rescission by reason of any such difference in facts. Guest expressly agrees that the foregoing waiver and assumption of risks agreement is intended to be as broad and inclusive as is permitted by the law of the State of California and if any portion thereof is held invalid, it is agreed that the balance shall, notwithstanding, continue in full legal force and effect. Paradise Retreats and Property Owner do not assume any liability for loss, damage or injury to persons or their personal property. Paradise Retreats and Property Owner do not accept liability for any inconvenience arising from any temporary defects or stoppage in supply of water, gas, electricity or plumbing.

Paradise Retreats and Property Owner do not accept liability for any loss or damage caused by weather conditions, natural disasters, Acts of God, or other reasons beyond its control.

POSTED QUIET HOURS: We respect our neighbors' right to privacy and a peaceful environment. Guest agrees to eliminate music and loud conversations outside. Complaints of noise from neighbors shall result in loss of your Security Deposit. Quiet time is at 9:00pm (or earlier if posted at the property). No amplified music shall be used outside. Guest shall inform all others about this issue.

OCEANFRONT Area: The property is located adjacent to the ocean. There is no lifeguard on duty. **GUEST AND GUESTS VOLUNTARILY ASSUME ALL RISK AND DANGER** of personal injury (including death) and all hazards arising from or related in any way to the oceanfront or ocean howsoever caused and whether by negligence or otherwise. The ocean has specific hazards associated with it including but not limited to: high surf, strong currents, rip tides, tsunamis, tidal waves, lightning, and dangerous sea creatures. Guest acknowledges that he/she understands the hazards and risks associated with the ocean, and he/she shall take all precautions with regards to ocean and swimming safety. Minors shall be supervised by a competent adult at all times, and shall not be left unattended on the ocean side of the house. There may not be lights which fully illuminate this hazard at night. Swimming at night is unsafe and is prohibited. Use of beach and/or ocean by persons who are intoxicated and/or under the influence of alcohol or drugs is prohibited. Guest shall inform all others about the safety issue caused by this hazard.

HIGH TIDE ADVISORY: Please note that during certain times of the year, the sand on the beach in front of the house may be reduced or eliminated due to surf action. Also, extreme high tides may eliminate dry sand beach in front of the property. **GUEST AND GUESTS VOLUNTARILY ASSUME ALL RISK AND DANGER** of personal injury (including death) and all hazards arising from or related in any way to the tides or surf action howsoever caused and whether by negligence or otherwise. Guest shall inform all others about the safety issue caused by this hazard.

BALCONIES/DECKS: The property has balconies/decks with railings. **GUEST AND GUESTS VOLUNTARILY ASSUME ALL RISK AND DANGER** of personal injury (including death) and all hazards arising from or related in any way to the balconies/decks howsoever caused and whether by negligence or otherwise. No person shall climb or play on the railings, and Minors shall be supervised at all times when on the balconies/decks. When not in use, the doors to the balconies/decks shall be locked to prevent access to them. There may not be lights which fully illuminate this hazard at night. Use of the balconies/decks by persons who are intoxicated and/or under the influence of alcohol or drugs is prohibited. Guest shall inform all others about the safety issue caused by this hazard.

STREET HAZARDS: The property is located on a street with traffic. **GUEST AND GUESTS VOLUNTARILY ASSUME ALL RISK AND DANGER** of personal injury (including death) and all hazards arising from or related in any way to the street hazards howsoever caused and whether by negligence or otherwise. Risks associated with the street include speeding, out-of-control cars, and/or reckless and/or drunk drivers. Minors should not cross the street without adult supervision. Minors and others should never play in or around the street. Caution shall be employed when crossing the street at all times. Cross walks shall always be used. There are no lights to illuminate this hazard at night. Use of the street by persons who are intoxicated and/or under the influence of alcohol or drugs is prohibited. Guest shall inform all others about the safety issue caused by this hazard.

STAIRS: The property has stairs. **GUEST AND GUESTS VOLUNTARILY ASSUME ALL RISK AND DANGER** of personal injury (including death) and all hazards arising from or related in any way to the stairs howsoever caused and whether by negligence or otherwise. Lights do not fully illuminate this hazard at night. Use of the stairs by persons while intoxicated or under the influence of alcohol or drugs is prohibited. Guest shall inform all others about the safety issue caused by this hazard.

NO BEACH FIRES / NO FIREWORKS

Beach fires and/or fireworks of any kind are strictly prohibited anywhere on the property, and/or anywhere on the coastal beaches in Santa Barbara County. Evidence of fires, and/or complaints from neighbors about fires on the property, or on the beach, will result in loss of guests security deposit. In addition, guest may be asked to vacate the premises if found in violation.

SHARED DRIVEWAY/SHARED LAUNDRY: There is a detached Duplex adjacent to the property which shares the driveway and the walkway to the beach. Guests are only to park in the two parking places just in front of the garage doors. Do not park to the left of the garage at any time. The Laundry Room is located in the garage and is shared with seasonal tenants in the Duplex. Guests have exclusive use of the Laundry Room from 10:00am to 3:00pm daily, otherwise use of the Laundry Room is on a first come-first serve basis. Laundry may not be left for extended periods of time.

Children under the age of 10 & safety: Guest accepts all responsibility and liability for any harm to young children with regards to the property specific hazards identified above. This also applies to harm caused by stairways, hard surfaces, port-a-cribs, high chairs, and other property items which may be a hazard to young children. Guest agrees to supervise young children at all times in order to prevent any conditions which may cause harm.

36. ENTIRE AGREEMENT: Time is of the essence. It is intended as a final expression of the parties' agreement, and may not be contradicted by evidence of any prior agreement or contemporaneous oral agreement. The parties further intend that this Agreement constitutes the complete and exclusive statement of its terms, and that no extrinsic evidence whatsoever may be introduced in any judicial or other proceeding, if any, involving this Agreement. Any provision of this Agreement that is held to be invalid shall not affect the validity or enforceability of any other provision in this Agreement. The waiver of any breach shall not be construed as a continuing waiver of the same or any subsequent breach. This Agreement shall be governed and construed in accordance with the laws of the State of California. California shall have personal jurisdiction over the parties and the county in which the Property are located shall be the forum for any legal action brought in relation to this Agreement.

37. RESERVATION CANCELATIONS / EARLY DEPARTURE / ACTS OF GOD: Reservation cancelations shall result in the loss of the Reservation Fee/Security Deposit which was paid by Guest to confirm the reservation. If the reservation is paid in full, cancelations that are made within 90 days of the Arrival date will result in the loss of the Rental Fee, Booking Fee, Taxes, Damage Waiver fee, and Travel Insurance fee, however the Reservation Fee/Security Deposit, Cleaning Fee(s), and Pool Heating Fee (if applicable) will be refunded. If the reservation is paid in full, cancelations that are made prior to 90 days of the Arrival date, will result in the refund of the Rental Fee, Booking Fee, Taxes, Damage Waiver fee, Travel Insurance fee, Cleaning Fee(s), and Pool Heating Fee (if applicable), however the Reservation Fee/Security Deposit will not be refunded. Early departure for any reason including but not limited to complaints about the property, health issues caused by the property, acts of nature, inconveniences and/or disturbances does not warrant any refund of rent or deposit. Neither Paradise Retreats nor Property Owner shall be liable for events beyond their control which may interfere with Guest's occupancy, including but not limited to Acts of God, acts of governmental agencies, fire, strikes, war, or inclement weather. No representations or warranties are made with respect to any weather conditions. No rebate or refund will be given in these circumstances. In a natural disaster situation, Guest agrees to comply with instructions from Paradise Retreats, and from advisory statements from local emergency authorities. Paradise Retreats recommends the purchase of Travel Insurance to mitigate unforeseen cancellation and loss of payments.

38. CONDITION OF PROPERTY: Guest has not viewed the Property prior to entering into this Agreement. Guest shall, upon arrival, examine the Property. Any damaged or non-operational items including but not limited to furniture, furnishings, fixtures, appliances, electric items, and landscaping, must be reported to Paradise Retreats within 24 hours of arrival. Reporting the failure or malfunction of appliances and/or systems, or complaints about any health issues caused by

property, or property not meeting the expectations of Guest, does not give the Guest the right to cancel this Agreement, to receive a refund or discount, or to make a claim against Owner or Paradise Retreats for any inconvenience, misrepresentation, or harm. Unless Paradise Retreats is notified within 24 hours of arrival of any damaged or non-operational items, then thereafter all damages or concerns to the property during the occupancy shall be the Guest's responsibility and expense, and must be reported to Paradise Retreats prior to departure.

39. ARBITRATION OF DISPUTES: "NOTICE: BY INITIALING IN THE SPACE BELOW YOU ARE AGREEING TO HAVE ANY DISPUTE ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION DECIDED BY NEUTRAL ARBITRATION AS PROVIDED BY CALIFORNIA LAW AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR JURY TRIAL. BY INITIALING IN THE SPACE BELOW YOU ARE GIVING UP YOUR JUDICIAL RIGHTS TO DISCOVERY AND APPEAL, UNLESS THOSE RIGHTS ARE SPECIFICALLY INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION. IF YOU REFUSE TO SUBMIT TO ARBITRATION AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO ARBITRATE UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS ARBITRATION PROVISION IS VOLUNTARY."

"I HAVE READ AND UNDERSTAND THE FOREGOING AND AGREE TO SUBMIT DISPUTES ARISING OUT OF THE MATTERS INCLUDED IN THE 'ARBITRATION OF DISPUTES' PROVISION TO NEUTRAL ARBITRATION. I ALSO ACKNOWLEDGE AND AGREE TO THE 'RESERVATION CANCELATIONS/ EARLY DEPARTURE / ACTS OF GOD' AND 'CONDITION OF PROPERTY' PARAGRAPHS"

Guest Signature

40. ATTORNEY'S FEES: In any action or proceeding or arbitration arising out of this Agreement, the prevailing party between Owner and Guest shall be entitled to reimbursement of all attorney's fees and costs.

41. HEADINGS: The headings contained herein are for convenience purposes only. The headings do not purport to define, limit or extend the scope or intent of the language of the sections and the paragraphs to which they pertain.

42. SEVERABILITY: If any provision of this Agreement or its application to any person or circumstance will, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of the provision to other persons or circumstances will remain valid and enforceable to the fullest extent permitted by law.

43. WRITTEN EXCEPTIONS: Any exceptions to the above Items must be approved in writing by Paradise Retreats in advance.

44. OTHER TERMS AND CONDITIONS:

- a. Guest / Invitee Information Form to be filled out and returned with this Agreement
- b. Guest authorizes Paradise Retreats to contact Guest via mail, e-mail, phone, or fax with reservation and/or

promotional information. Paradise Retreats shall not share confidential Guest contact information with any unrelated third parties.

ACKNOWLEDGMENT: Guest acknowledges they have received and understand the terms and conditions of this Agreement and agree to be bound hereby. This is a revocable license agreement. The rights and obligations of the parties to this Agreement include unique provisions permitting the disbursement of rent prior to occupancy, expedited eviction of Guests, and short notice period for Paradise Retreats and Property Owner access and inspection. Guest's signature on this agreement, or payment of money, or occupying property after receipt of this agreement, is evidence of Guest's acceptance of this agreement and Guest's intent to be granted a revocable license to occupy this property with these special provisions.

GUEST:

[REDACTED]

Guest Signature
Date: 11/27/2015

[REDACTED]

PARADISE RETREATS:

Paradise Retreats

Signature

Date: 11/27/2015

Paradise Retreats

Paradise Retreats World Class Vacation Rentals, LLC

16 E. Arrellaga Street, Santa Barbara, CA 93101

Phone: 805-275-1851 Fax: 805-299-1829 E-Mail: reservations@ParadiseRetreats.com

Guest / Invitee Information Form

This form must be filled out for ALL overnight guests. Any Invitees (overnight visitors who are not staying the entire duration of Reservation Agreement) must be listed on the second part of this Form. If any person who is not on this list stays overnight, it is a violation of the Reservation Agreement, and may result in eviction, loss of security deposit, and loss of rental payment.

PRIMARY GUEST (Responsible Party)

IMPORTANT: Primary Guest must submit a copy of their Driver's License or other government issued ID via email, fax, or postal mail.

(For personal ID security, the ID number may be "blacked out").

Adult #1: [REDACTED] Age: 49

Adult #2: [REDACTED] Age: 30

Contact Phone while traveling #1: Area/ Country Code: Phone #: [REDACTED]

ContactPhone while traveling #2: Area/ Country Code: Phone #:

Children (Name-Age)

GUEST / FAMILY #2:



ADDITIONAL OVERNIGHT GUESTS:

Please list the NAME and AGE of each additional guest



TEMPORARY OVERNIGHT GUESTS (INVITEES):

Please list the DATES of temporary overnight stay, and NAME & AGE of each Guest during that stay

Lenzi, Chelsea

From: Colleen Moser <colleenmoser1@gmail.com>
Sent: Monday, June 05, 2017 5:19 PM
To: sbcob
Subject: STR

We live next door to a STR in the county. (Michael and Patricia Donahue) We both live on over an acre. At this time we do not have any issues with noise or parking. Thank you.

Sent from my iPhone

Lenzi, Chelsea

From: Lynda Hickman <lfhickman@aol.com>
Sent: Monday, June 05, 2017 5:26 PM
To: sbcob
Subject: Short-Term Rental Zoning Ordinance Hearing on June 6, 2017

Dear Board of Supervisors:

I would like my voice to be heard in favor of banning short-term rentals (less than thirty days).

I live on Hermosillo Drive in Montecito, which seems to be a prime location for investors desiring rental income. However, regardless of their financial needs, mine is far different. This is my home, my neighborhood, and it is not zoned for short-term rentals. Please consider what would happen to our community – not to mention our property values – if it were to become a “motel/hotel zone.” That’s not what I signed up for when I bought my home.

I hope you will see your way clear to doing the right thing for your constituents who live here and vote for you. We are all counting on you.

Respectfully,

Lynda Hickman
171 Hermosillo Drive
Montecito, CA 93108-2414

Lenzi, Chelsea

From: Darryl Hickman <dghickman1@aol.com>
Sent: Monday, June 05, 2017 6:16 PM
To: sbcob
Subject: June 6, 2017 Hearing re Zoning Ordinance - Short-Term Rentals

Dear Board of Supervisors:

Please take into consideration the zoning laws that are already in place to protect our residential neighborhoods when making your decision about short-term rentals.

The desire to gain more income from short-term rentals is totally offset by the fact that the bureaucracy that would have to be created to regulate these rentals would be very costly, and, therefore, would not be enforced. So, what's the point?

If people want to come to Santa Barbara, there are many, many options... wonderful options... when it comes to places to stay. So, why does our residential neighborhood have to become a pass-through for tourists, and, therefore, have to deal with all the negatives that go along with being in a rental zone? Is that what you would want for your home and your neighborhood?

Please ban short-term rentals in residential zones.

Thank you,

Darryl Hickman
171 Hermosillo Road
Montecito, CA 93108

Lenzi, Chelsea

From: Debbie Shaw <dshawlandscape@gmail.com>
Sent: Monday, June 05, 2017 7:48 PM
To: Hartmann, Joan
Cc: sbcob
Subject: STRs have saved my home in tough economic times

Dear Ms. Hartmann,

I am a host to a Short Term Rental and I rely on the income to support my family. Also, my extended family are able to visit more often and help with the family needs because they can use my short term rental.

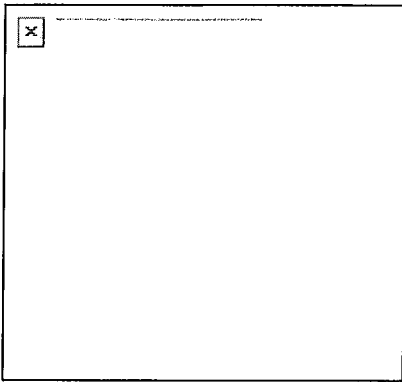
I am a 36 year Resident of Santa Barbara and I am in favor of allowing Sort Term Rentals to operate in Santa Barbara County;

1. Short Term Rentals increase tourism by allowing more tourists, especially families, to visit Santa Barbara County. The dining out and increased tourist activities generated by the Short Term Renters help the local economy.
2. Regulated Short term Rentals are no more a nuisance than Long Term Rentals and generate direct income to the County, by TOT and Property Tax combined.
3. The County and local homeowners need the Income from the TOT collected on Short Term Rentals.

Please don't be snowballed by the Hotel Industry, Short Term Rentals belong here, they help the County, they increase revenue, they are not a nuisance, and they help local families.

Thank you for your support. Please let me know how you will be voting on June 6th.

Yours,
Debbie Shaw
Owner, Deborah Shaw Restoration + Landscape



Deborah Shaw Restoration + Landscape
PO Box 8241
Goleta, CA 93118
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Lenzi, Chelsea

From: Lynn Rutherford <leenrutherford@hotmail.com>
Sent: Monday, June 05, 2017 7:48 PM
To: Williams, Das; Wolf, Janet; jhartman@countyofsb.org; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Short Term Rentals

Hello,

My name is Lynn Rutherford. My husband, John, and I have owned a short term rental located at 1374 Danielson Road for over 14 years. We are registered and have paid all the appropriate taxes. Our property consists of two units ...our home is in the back of the property and our vacation rental is in the front (units are attached at the garage). We are on site managers with very strict contractual regulations. These regulations include maximum number of tenants (4), number of people allowed for a gathering (8), outside noise restrictions and parking restrictions (allocated parking only).

We have never had a complaint from surrounding neighbors. Our property is maintained to the highest level as the expectation for vacation rentals is much higher than long term rentals

A large part of our retirement plan was to have the income from the vacation rental. We do not use a third party for rental purposes...as we are completely hands on with the property.

I invite you to visit our homes to truly see that a vacation rental property can be managed beyond the standard of many long term rental properties.

We urge you to dismiss the idea of a blanket "no short term rental" policy. Our case is not unique as there are many, many responsible short term property owners. Please consider setting regulations for all vacation rental properties. In that way, those of us that depend on the income and comply by the rules will not suffer.

Thank you,
Lynn and John Rutherford
805 705 1376

Lenzi, Chelsea

From: Ken Switzer <kenswitzer1@yahoo.com>
Sent: Monday, June 05, 2017 10:53 PM
To: Allen, Michael (COB); Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: 2 papers on short-term rental topics
Attachments: STR's - Reasons To Be Cautious With a New Ordinance.pdf; STR's in Santa Barbara County - Economics and Housing Supply.pdf

Dear Chair Hartmann and Board of Supervisors:

Please see attached 2 papers culled from multiple stakeholders on various topics relating to short-term rentals. We apologize for the late submittal as we thought these papers may have been in the record already, but were not sure. Thank you all for your time and consideration on this complex matter.

SHORT-TERM RENTALS IN SANTA BARBARA COUNTY

REASONS TO BE CAUTIOUS WITH A NEW ORDINANCE

I. Legal issues

Property Rights #1 Property owners who bought a property in Santa Barbara County with an expectation of property use that was allowed at the time of property purchase, now are facing the possibility of the use being changed through no fault of their own.

Property Rights #2 The ability of an owner to rent to who they want, when they want and how they want (subject to tenants obeying all laws), is a fundamental right of property ownership; any diminishment of this right will diminish the value of an owner's real estate, once again while doing nothing wrong.

Civil Rights #1 A tenant would have fewer rights simply because of the length of their tenancy (29 days vs. 31 days in an extreme case), and not related to their behavior or anything else; short-term and long-term tenants have different rights.

Civil Rights #2 People would have less freedom to go where they want and stay where they want in Santa Barbara County; consider this aspect as it is a negative for any resident of our County who wishes to vacation locally in a short-term rental.

II. Economic issues

The proposed ordinance's negative economic impact on tourism and the overall County economy

- Less visitors overall, as many travelers will now go elsewhere to enjoy the non-hotel, residential-type experience they prefer during their vacation. To start with, the jobs in the vacation rental industry will be directly affected in a very negative way.

- Additionally, fewer tourists mean less spending at local restaurants, shops, attractions, entertainment venues, recreation, etc. The loss of this economic activity will result in lost service industry and tourism-related jobs.

- Furthermore, the short-term rental tourist are more likely to be higher-spending and spend more nights per visit in the County, than a typical tourist staying in a hotel or motel; thus there is a more severe impact per tourist of economic loss to the County and loss of jobs.

- A recent study showed that the short-term rental contribution to our local economy is about \$470M annually, or about 30% of the \$1.5B local tourism industry. The amount of jobs this amount of economic activity provides is about 5,000.

- Most of this short-term rental economic benefit would go away if there were a short-term rental ban. The typical traveler in Santa Barbara County is a discretionary visitor, most are here for vacation and not for business. The type of traveler staying in short-term rentals is doing so for reasons of group size, finances or length of stay, where a hotel would never be an option; this huge amount of economic activity would therefore go to another County instead.

The proposed ordinance's negative impact on County tax revenue

- Transient occupancy tax goes down – many visitors staying overnight in short-term rentals are only interested in the residential-type experience and will not transfer that stay and TOT to a hotel

- Less sales tax collected on money not spent by tourists that are now not coming to Santa Barbara County

- Less money spent at restaurants, shops and other tourism-related businesses also means fewer employees, and thus a negative multiplier effect on spending and sales tax, property tax and income tax receipts throughout the County.

The proposed ordinance's negative economic impact on property values

- Rental value is the inherent economic value of a developed property, i.e. someone's home or apartment building; any restriction on rental flexibility will by definition lower a property's value.

- The claim that STR's harm the "value" of neighborhoods and the homes in those neighborhoods is based on the premise that short-term tenants on average cause more nuisance problems than long-term tenants or owner-occupants. There is not a factual basis to this claim and in fact many arguments can be made that the presence of short-term rentals in a neighborhood can increase the value of that area (see "conventional wisdom" points below).

III. "Conventional Wisdom" discussion/rebuttal

With respect to those who have different opinions, there have been positions stated during the short-term rental debate that are often accepted as gospel, and not challenged. Often those "assumptions" will appear in Planning Department documents as fact, without analysis or opposing arguments. Many of those assumptions or "conventional wisdom", in my opinion are either not true, or there are contrary arguments that can be made, and until there is further study or analysis, could disprove the conventional wisdom. Given the potential negative economic and legal ramifications of the proposed ordinance to ban virtually all short-term rentals in Santa Barbara County, it merits careful consideration whether the "conventional wisdom" is true or not - i.e. what if the benefits that are supposedly gained by a heavy-handed reaction to the STR issue, are in fact not gained?

Conventional Wisdom: Short-term rental tenants behave differently on average than long-term rental tenants or owner-occupants, and cause more nuisance problems, since they don't have any long-term stake in the property.

Rebuttal: Do you misbehave or would you misbehave or be disrespectful to neighbors if you were staying at someone else's house while on vacation? Almost no one would, nor would anyone you know. How do we know someone is more likely to misbehave as a short-term tenant just because they don't "have a stake" in the property or neighborhood? Almost all short-term rental properties are occupied part of the time by the property owners (research these statistics), wouldn't those owners (and/or their property managers) choose tenants who won't trash their house they use themselves part-time? With hefty deposits and lease requirements that are typically much stiffer than long-term leases? How about a long-term tenant that might be more likely to cause a nuisance, such as a college student? Should we start saying to long-term landlords that they can't rent to students in certain neighborhoods, because they are more likely to cause a disturbance? Where do you draw the line in restricting use based solely on the status of a tenant, and not on their actual behavior? In fact, there is an unbiased neutral study by Santa Barbara's County's most reputable economist, showing that short-term rentals have lower nuisance rates than long-term rentals or owner-occupied properties.

Conventional Wisdom: Complaints about short-term tenant behavior are necessarily legitimate (in relation to County standards of behavior and nuisance), because why else would someone complain?

Rebuttal: While undoubtedly many of the anecdotal complaints are legitimate about behavior at certain properties or on occasion about a short-term tenant elsewhere, we don't know that the nuisance rate is in any higher a proportion compared to the misbehavior of long-term tenants or owner-occupants. Short-term tenants often make easy targets because they are "others" or "unknowns" from out of town, and its human nature to scorn more easily those we don't know. But in reality this ire might be just as deserving on average towards long-term tenants or owner-occupants in the neighborhood. Additionally, there are likely those that move to quieter enclaves or rural neighborhoods with perhaps an unrealistic expectation of 100% solitude (i.e. no noise, no traffic). This is not reality, nor is it fair to the rights of others nearby (whatever their residency status) who wish to exercise their allowable rights of noise levels and guests visiting. Once again in these situations, when the unrealistic expectations are not met for these "special rights" of no noise and no traffic, the easy target may be the short-term tenant that they don't know.

Conventional Wisdom: Short-term rentals in a neighborhood negatively affect property values.

Rebuttal: If the behavior of short-term tenants is no worse on average than long-term tenants or owner-occupants in a neighborhood (or can be simply regulated to ensure it is not worse), then there would be no adverse affect on property values for this reason. Often the supplemental income of these (typically) 2nd home owners is put back into the appearance and upkeep of a property; since these 2nd home owners occupy the property part of the time, it would make sense that these homes would be kept in better shape than absentee landlords that have long-term tenants and never live at the property themselves. In addition, any restriction on the rental flexibility of a piece of real estate will by definition diminish the value of a property. For these several reasons, it is more likely that allowing STR's increases property values, whereas banning or curtailing STR's would reduce property values.

Conventional Wisdom: Short-term rentals in a neighborhood negatively affect the "community aspect" of a neighborhood, and it is a "zoning" issue

Rebuttal: How many neighbors in a radius of 200 homes does a typical resident know well? If 1 or 2 of the 200 homes were occupied by different people every couple of weeks, would that affect the overall "community" feel of the block? Long-term tenants turn over every 1-2 years, wouldn't this change of residents on the block also be taking away from the community aspect? (And maybe having a couple of homes on the block with interesting people visiting from around the country or the world every

so often, might increase the sense of community.) In fact, only 1.7% of the properties in the County ever have short-term tenants; and given the typically low occupancy rate of short-term rentals, the effective percentage of residents who are short-term tenants at any given time is 0.5%-1%. That means that for the neighbor concerned about the "community aspect" of their neighborhood, they'd only find 1 out of every 100 or 200 people in their neighborhood is a short-term tenant on average. Do neighbors even know 20 or 30 out of 100 of their neighbors anyways, that figure may be a maximum anywhere. Why does it matter that there is one other neighbor they don't know out of 70 or 80 (at least) that they don't know anyways? It is not a "zoning" issue if there is no neighborhood change or change in use of a property (see below). Perhaps it's a "xenophobia" issue, but it's not a "zoning" issue.

Conventional Wisdom: Owners who choose to rent their property short-term, are greedy mercenary people.

Rebuttal: First of all, almost every owner who rents their property short-term does so because they use the home themselves part of the time (or in the case of home-sharing, all the time). The economics don't usually make sense to rent out short-term vs. long-term, these properties are rented short-term because owner-use part of the year would not allow long-term rentals (as explained in the housing supply discussion below). But even if this did make economic sense, or for the times that these 2nd home owners or home-sharing hosts rent out short-term, since when does maximizing the income on your property become greedy? These have always been allowable rentals in the County (as has been documented in writing by the Planning Department in the past), why would making a more sound economic decision make someone greedy, or a scofflaw? Would you voluntarily reduce your work salary by \$10,000 per year? Then why would a property owner voluntarily not make use of the potential rental value of their property when not being used by the owner? (and maybe forfeit a similar \$10,000 per year?)

Conventional Wisdom: Short-term rentals are a "business", different than long-term rentals.

Rebuttal: Any property that is used as an investment can be considered a business; there are rental income and property expenses, whether the income comes in a steady monthly check of the same amount (long-term rental), or the income comes more sporadically (short-term rental). The timing and steadiness of the income part of the equation does not change the nature of a rental property being a "business" or not.

Conventional Wisdom: Short-term rentals are a "commercial use" of a property.

Rebuttal: The activities of any resident in a house or apartment is the same, whatever their residency status may be – owner-occupant, long-term tenant or short-

term tenant. People park in the driveway, walk in the door, open the fridge and turn on the TV – all the same residential activity, residency status is not relevant. A short-term tenant is not going to open up a hair salon in the garage, they are using the property residentially just like any other occupant would. The “business” aspect of this connotation of “commercial” is covered in the above section. How is the use of the property any different by short-term tenants, or the operation of the property any different if an owner rents the property long-term or short-term? If there is no difference, then either all rental properties should be considered “commercial”, or no rental properties should be considered “commercial”.

Conventional Wisdom: The use of the property is different if there is a short-term tenant vs. a long-term tenant vs. an owner-occupant.

Rebuttal: No it isn't, the use of the property is the same, see the section above.

Conventional Wisdom: Renting a property short-term vs. long-term turns a house into a “hotel”.

Rebuttal: The physical characteristics of the house are unchanged regardless of the length of the tenancy, and per the above sections, the use of the property is no different regardless of the length of the tenancy. It appears sometimes housing density becomes confused with length of tenancy, a house is still one unit. If the house stays identical in its appearance and the activities of the residents inside the house are identical, then the house has not changed in any way (let alone become a “hotel”), no matter the length of the tenancy. Just because there is a different car in the driveway every couple of weeks, or the resident has a different length and color of hair every couple of weeks, does not affect the house or its use in any way, nor should it affect the neighbors.

Conventional Wisdom: Short-term rentals are not currently legal in Santa Barbara County.

Rebuttal: The current zoning does not prohibit short-term rentals, and a written clarification allowing short-term rentals has been issued by the Planning Department in the past.

Conventional Wisdom: Short-term rentals deplete the stock of long-term rentals available to local residents.

Rebuttal: The lack of housing supply and high rents in the local area has many possible causes that are unrelated to short-term rentals – a high-quality of life that attracts people from around the world to live here, slow-growth development

policies restricting new housing units from being built, a recently improving economy, many recent new residents who come as students through our expanding local public and private educational institutions, etc.

In fact, it is shown in surveys and by researching property management that almost all (80%-90%) full-unit (as opposed to home-sharing) short-term rental owners are renting this way because they use the property part-time themselves, and renting long-term would never be a possibility. Thus those housing units would not become available to local residents to rent long-term if short-term rentals were not allowed, instead those owners would adjust and rent 30 or so days at a time, or not rent out at all.

It can also be shown that it would almost never make economic sense for a real estate investor to rent a residential unit short-term instead of long-term. The reason is that short-term rentals have at least 4 additional significant cost considerations: 1) much higher vacancy rates than long-term (30%-70%), 2) higher property management costs (about triple long-term property management fees), 3) paying of all utilities including cable/internet by the owner, and 4) furnishing costs. It is possible in a couple of slivers of locations such as by the waterfront or in the thick of a downtown tourist-town corridor, that short-term rental net income could compete with long-term net rental income, but even in those few cases, there is the factor of additional hassle and uncertainty with no added benefit to the investor. In essentially all locations in Santa Barbara County, it would only make sense for a property owner to rent out short-term if they use the property themselves part-time.

It is possible there are examples of a few 100% absentee property owners who are trying to overcome the economic investor disadvantage of short-term rentals vs. long-term rentals. They may be seduced by a higher potential headline short-term rental figure (which can typically be double the long-term rent), but in reality they are almost always worse off renting out short-term once the 4 major cost factors are included. Over time this small (misguided?) handful of investors will switch to long-term rentals once their balance sheets become clearer, and that small piece of inventory will become available again to local residents.

In the home-sharing example, it is a little more complicated because there are many types of home-sharing hosts who rent out short-term. Many of these owners would never make their extra room or separate cottage available long-term anyways for a variety of reasons – privacy, or not a need financially for a long-term tenant. More importantly, the same economic equation applies to home-sharing as full-unit rentals – it's almost always more profitable to rent the space long-term and not short-term. There are other reasons as described above and in the previous paragraphs for why short-term rentals come about, and their curtailing will not result in new housing supply of any significance – especially when compared to the many real and much more significant reasons for housing supply issues listed at the beginning of this section.

Finally to the extent that curtailing short-term rentals will result in less tourism-related economic activity and benefits, other alternative possibilities to replace that economic activity will result in more impact on the housing supply. Tourism is an amazing source of economic activity in that the dollars come to our region, and then the people leave and go live full-time somewhere else. In other words, tourism is generating economic activity without taking up new housing units. If instead that same level of economic activity was replaced by a new office building and its employees, then those people will be needing local housing units and soaking up the supply. Thus if you think it through, curtailing short-term rentals and thereby dialing back the economic benefits of the tourism industry, could very well result in a legitimate taking of housing supply from a more housing impactful economic source that becomes the alternative to the tourism dollar.

See the attached white paper for further in-depth discussion of many of these and other economic issues in our local area relating to short-term rentals and housing supply.

Conventional Wisdom: Investors are buying up homes in bunches to use as short-term rentals and taking housing supply off the market.

Rebuttal: Per the detail in the above section, the economics of real estate simply do not support this assumption – investors would rent out a property long-term and not short-term if they wanted to maximize their net income. Furthermore, real estate investors would not buy single-family homes as investments, they don't yield as good a return in our area as apartment buildings or commercial real estate.

Conventional Wisdom: Renting out short-term is more profitable to a property owner than renting out long-term.

Rebuttal: Not true, for reasons described in detail in the previous 2 sections.

Conventional Wisdom: There is no other way to resolve alleged nuisances by short-term tenants, other than prohibiting or curtailing short-term rentals.

Rebuttal: Better enforcement and/or enhancement of current nuisance laws can eliminate the “rogue” vacation rental property or tenant(s), and at the same time hopefully make neighborhoods even better off by also regulating unruly long-term tenants and owner-occupants.

Short-Term Rentals vs. Long-Term Rentals and the effect on Housing Supply and Quantity of Short-Term Rentals: The Real Estate Economics for Santa Barbara County

Investor Analysis #1 - Long-Term Rental Net Income vs. Short-Term Rental Net Income in Santa Barbara County

In our local area, an investor will almost always have a higher net income by renting their property to a long-term tenant, rather than short-term tenants. While the "headline" rent advertised will be higher for short-term tenants, there are 4 cost factors associated with short-term rentals that an investor would not have with long-term rentals. These are 4 additional cost factors for short-term rentals:

COST FACTOR #1 - Significantly higher vacancy rate for short-term rentals

While long-term vacancy rates have consistently varied locally between 1% and 4% for several decades, the vacancy rates for short-term rentals are much higher because of higher turnover and its niche-type of demand. The short-term rental vacancy rate can also vary a lot depending on the quality of the property and the quality of the management, as well as flexibility of the property to be available for rent (as stated below, almost all short-term rental properties in our local area are used part-time by the owners). Overall we estimate short-term rental vacancies rates at between 30% and 60%. However that figure can be misleading because often much of the occupancy of short-term rentals will be filled by more seasonal-type rentals for 1-3 months in less popular tourist seasons. The rental rates offered for those 1-3 month-type rentals is usually discounted from the headline weekly rental rate, so the effective occupancy rate at the "headline" rent will be lower, and the effective vacancy rate calculated at the headline rent will be higher. This effective vacancy factor at the headline rent will rise to closer to 40%-70% (from 30%-60% actual vacancy rate). At an average of 55% vs. 5% effective net vacancy for long-term rentals, the adjustment made from the "headline" short-term rent to the investor net income for this additional cost factor will be approximately 50%.

COST FACTOR #2 - Higher management fees for short-term rentals

Typical property management fees are about triple for short-term rentals compared to long-term rentals. The reason is because of the need to find many more tenants each year, and for each tenant the management is much more intensive due to higher presentation and customer service expectations. Rather than 5%-8% typical management fees for long-term rentals, short-term rental property managers will charge 15%-22%. For those short-term rental owners that self-manage by using internet services or other methods to find tenants, the amount of time spent on managing each tenant and the operation of the property is still significant. They are adding a job for themselves, and the extra management fee is reflected in this manner compared to if the owner were to manage the property themselves as a

long-term rental. This adjustment to the net property management fees averages about 12% taken off additionally from the short-term rental investor's net income.

COST FACTOR #3 - All utilities must be paid by the short-term rental landlord

For long-term rentals, landlords will typically only pay for water and trash (though sometimes not even those if water meters are separate). There are a few long-term rentals where gas and electricity are master-metered and those bills paid by the landlord, but for the small number of properties set up in this manner, there is usually a rent premium paid by the tenant as they are aware that having gas and electricity paid is an extra perk. In a short-term rental situation, there is no practical way for the tenant to put utilities in their names for a short period of time, so all short-term tenants are expecting utilities to be included in their rent. In comparison with long-term rental utility situations as described above, the extra utilities paid for by the short-term rental owner are electricity, gas, cable and internet. For a typical short-term housing unit, this additional cost will take out another approximately 5% from the investor's net income

COST FACTOR #4 - Furnishings and presentation

Short-term rental units need to be furnished of course, as tenants are not bringing their own furniture for a few days or weeks. Some long-term rentals are rented furnished, but for the purpose of comparing typical rents, our rental estimates are based on unfurnished long-term rentals. The furnishings in a typical short-term rental will need to be replaced on average approximately every 12 years, or about 8% per year of the initial cost. "Furnishings" refers to furniture, linens, kitchenware, decorations and everything else needed for a comfortable short-term tenant living experience. There is also a small cost typically associated with welcoming each short-term tenant, such as a gift basket and/or fresh flowers. This "presentation" cost added to the amortized furnishing cost combines to about another 5% of additional cost to take from the short-term rental investor's net income vs. long-term net income.

NUMERICAL EXAMPLE

Below is a numerical example for short-term vs. long-term rental net income, for a typical 2-bedroom decent condition well-located unit (apartment or small home) in Santa Barbara County. We are assuming identical costs such as water, trash and repairs, then factoring in the 4 additional cost factors for short-term rentals. With the other costs the same, the difference will be illustrated in deductions from the "headline" rent for short-term rentals as quantified in percentages above, versus the actual rent for long-term rentals. For this typical 2-bedroom housing unit, here is the analysis:

Long-Term Rent = \$2500/month

Short-Term "Headline" Rent = \$1500/week, which would be equivalent of \$6500/month (4.3 weeks per month)

Short-Rental Additional Cost Factor #1 (vacancy) = 50%; now the effective monthly net rent coming down from the headline rent = $\$6500 - (\$6500 \times 50\%) = \$3250/\text{month}$

Short-Rental Additional Cost Factor #2 (management) = 12%; now the effective monthly net comes down to $\$3250 - (\$6500 \times 12\%) = \$2470/\text{month}$

Short-Rental Additional Cost Factor #3 (utilities) = 5%; now the effective monthly net comes down to $\$2470 - (\$6500 \times 5\%) = \$2145/\text{month}$

Short-Rental Additional Cost Factor #4 (furnishings and presentation) = 5%; now the effective monthly net comes down to $\$2145 - (\$6500 \times 5\%) = \$1820/\text{month}$

The effective net rent for short-term rentals in this typical example is actually $\$1820/\text{month}$ vs. $\$2500/\text{month}$ for a long-term rental of the same housing unit. ***The net effective rent is about 27% lower if the unit is rented short-term.***

CONCLUSIONS

While the figures and analysis can vary a little depending on the area within Santa Barbara County, in almost no cases will it be more profitable for an investor to rent their property short-term vs. long-term. Even in the waterfront areas where the equation is most beneficial to the short-term net income, while the figures may be a little better, short-term rental income still will at best equal and not surpass the long-term net income with all the cost factors properly accounted for. Even in these areas, just to break even would never be worth the extra hassle and uncertainty of renting short-term. Thus, there is no logical reason for a property owner to rent out short-term if their goal is to make the highest return. Instead the reason why there are short-term rentals is because property owners desire or need to have personal use of the property part of the time, and this prevents them from leasing long-term. Statistics show that about 80%-90% of properties that are rented short-term are 2nd homes for the owners. For this reason, most all short-term rentals would not become long-term rentals if they were banned, those housing units would already be in the housing supply as long-term rentals based on the economics of short-term net income vs. long-term net income.

Note that there are still a small percentage of owners locally (10%-20%) of short-term rentals that do not have a personal use component. This could be because some of them are truly investors, but who think they are smarter than the market somehow and can "cheat" these local economic facts. Eventually these handful of investors will understand they are losing money vs. renting long-term and those units will return to be long-term housing supply anyways, regardless whether a ban on short-term rentals is passed.

Investor Analysis #2 - Return on Investment for Single-Family Residences vs. Other Types of Real Estate Investment

While there are parts of California where the investment equation is closer, virtually nowhere in Santa Barbara County is the investment return on a single-family residence even close to the return typical of other types of real estate investments such as apartment complexes or commercial buildings. Net returns expressed as capitalization rates are about double for these other types of real estate investments compared to single-family homes. Depending on the area of the County, a cap rate for a typical single-family residence will be 1.5%-3%, while the cap rates for apartment buildings and commercial office, industrial and retail buildings range from 3.5%-5.5%.

The notion is absurd that investors are buying single-family homes in Santa Barbara County for purposes of renting them as short-term rentals only. Having already shown above that an investor makes more money by renting long-term rather than short-term, to buy a single-family residence solely for the purpose of renting short-term, then compounds the loss of net income by additional factor of 2. No investor would ever make this move - the reason why single-family residences are purchased and rented short-term is once again because an owner desires or needs a component of personal use of the property. Thus, no resident in any neighborhood of Santa Barbara County should ever worry about investors buying up homes in bulk only for purposes of renting them out as short-term rentals, it makes zero financial sense.

There are of course many single-family residences that are rented long-term in Santa Barbara County, but there are a number of reasons these properties become rentals, none of which are for purposes of highest investor return. The home may be a family home for a long time, such that when an owner leaves the area for whatever reason, they may plan or hope to return some day to the same home. Or maybe that same home they are planning for the next generation to come live in when they return to Santa Barbara County. Sometimes when single-family homeowners move up to a larger home and are financially able to keep a 2nd piece of real estate, they may choose to keep the first home as a rental as opposed to switching to a higher return type of real estate investment, because of the hassle and cost of switching properties, or because they are familiar with the home and don't want to climb the learning curve for another kind of real estate investment. Another reason for a single-family residence to be a rental, is because an owner may plan to retire to Santa Barbara County and may not want to make a real estate investment switch to their ultimate home later, instead liking their future home they see now, and accepting a lower rate of investment return in the interim years. Again as described in Analysis #1, all of these single-family rental scenarios where the owner is not using the home part-time now, it is always better financially for the owner to keep the home as long-term rental and not have it become a short-term rental.

For the case of an investor buying an apartment building - which would be an example of a legitimate investor vehicle for residential property in our local area - then for the same reasons in Analysis #1 above, these apartments will stay as long-

term rentals instead of becoming short-term rentals. It appears a lot of the general public and housing supply advocates express concern when they see lower-income tenants displaced after an older apartment building is sold. Often this new owner will give notice to lower-paying tenants and proceed to improve the property to gain higher rents, and likely a higher net income. This concern is legitimate and is worthy of a separate debate about affordable housing and gentrification. But it is NOT related to short-term rentals. Once again, whether the apartment building has been re-habbed or not, the landlord will still make a higher net return if those apartment units are rented long-term vs. short-term. Maybe the better condition of the apartment now makes it feasible from a condition standpoint to be a short-term rental, but from an economic standpoint the property owner will receive a higher net income if the apartments remain rented long-term. The long-term tenant in a re-habbed apartment unit might now be a doctor or attorney instead of a restaurant server because of the higher rent which the better condition can command, but for economic reasons of our rental market as described in Analysis #1, it would still be a long-term rental.

Short-Term Rentals and Housing Supply

VERY FEW SHORT-TERM RENTALS WOULD EVER BECOME LONG-TERM RENTALS

While every region is different, and the economics may dictate something different for Los Angeles, San Francisco or New York, at least in our local area of Santa Barbara County, as described in the economic analysis above, most all properties that are rented short-term here are done so because the property owners have a use themselves of the property part of the time. They would never become long-term rentals to add to the housing supply if there were a ban, they would just be rented slightly differently, or kept vacant in the time between personal use. Note that "personal use" can mean for the owners themselves to stay (usually), or might also mean to have the property for visiting family members or friends to have a place to stay in the area. Short-term rentals become so in our local area for this reason, not for investor reasons, as the economics illustrated in this paper explain. You can also survey short-term rental property managers to find out how many of their clients use the property themselves part-time, to confirm the 80%-90% figure. An unbiased study has shown this approximate figure as well.

SINCE VERY FEW HOUSING UNITS ARE SHORT-TERM RENTALS TO BEGIN WITH, THE NET NEW HOUSING SUPPLY WOULD BE TRIVIAL

With approximately just 1.7% of housing units in the County ever being used as short-term rentals at some period, and approximately 85% of those units never returning to long-term housing supply due to the personal use component described above, even if the remaining 15% all became long-term rental housing units, that

would add only $1.7\% \times 15\% = 0.25\%$ to the supply. This 0.25% figure is statistically insignificant as our local area adds 1%-1.5% every year to the total housing supply just in new construction. Furthermore for this tiny percentage of units that may become long-term rentals if there were a short-term rental ban, virtually none of those would fall in the "affordable" housing cost range. Most short-term rentals are set up for vacationers and are higher end properties, most would rent in the \$4000/month-\$10,000/month range if they were long-term rentals.

IN THEORY, SHORT-TERM RENTALS MAY HELP HOUSING SUPPLY

In fact, it's possible that the existence of short-term rentals can help add units to our housing supply. In theory a more efficient use of existing housing space such as short-term rentals provide when tenants are filling in gaps between owner use, should free up *more* units of housing for long-term rentals. Here is an example of how that scenario works:

Step 1: A short-term rental unit is banned by an ordinance, and the owner of the housing unit who uses the property part of the time themselves, now chooses to either leave it vacant between their uses, or perhaps rents the property seasonally for a couple of months at a time.

Step 2: A short-term tenant who might have a need or desire to come to Santa Barbara County on a semi-regular basis for a week or two at a time, was previously able to come and go (perhaps to this same rental unit described in Step 1). Now they are not allowed to stay at the short-term rental unit anymore, but still have the need or desire to come to the area, and is considering the option of staying in a hotel.

Step 3: However for economic reasons and also for quality of life reasons, this short-term tenant does not want to stay in a hotel for 2 weeks at a time. They do the following math . . . 6 visits per year for 2 weeks at a time = 72 nights. At a nice hotel at \$200/night, this costs them \$14,400 per year, but still would not offer a comfortable experience as having your own full 1-bedroom place to spread out for 2 weeks. If the traveler used to pay \$1200/week for this short-term rental unit with a much better living experience, it was also costing them $\$1200 \times 12 \text{ weeks} = \$14,400$ per year. A 1-bedroom unit locally for long-term rent costs \$1600/month plus utility use for the 12 weeks per year = approx. \$1800/month = \$21,600 per year.

Step 4: For an extra \$7200/year (\$600/month), this repeat traveler to Santa Barbara County instead decides to just rent a long-term 1-bedroom unit for themselves, and can come and go as they please. It makes a lot more sense and is considerably more comfortable that staying in a hotel 12 weeks per year. Now the short-term rental unit that was banned has not become a long-term rental unit, but a unit of long-term supply has been taken by this repeat traveler. There is now a net *loss* of a unit long-term housing supply.

While there may not be that many examples of this situation, there will certainly be some for our local area. From a pure economic theory standpoint, it makes sense that a more efficient use of existing housing, such as short-term rentals provide, will result in *more* housing supply available for long-term rent.

CONCLUSION

Because of the nature of how short-term rentals came about for our local area of Santa Barbara County, a ban or severe restriction on short-term rentals would only result in a very trivial amount of new supply of housing, and essentially no new supply would become available in the affordable rental ranges. Furthermore, there are scenarios where a short-term rental ban or severe restriction could actually take some long-term rental units off the market, resulting in a reduced supply of long-term rentals compared to if short-term rentals remain. In summary, short-term rentals have no detrimental effect on the long-term rental housing supply in Santa Barbara County.

Lenzi, Chelsea

From: Jennifer Heinemann <jenniferjlh402@hotmail.com>
Sent: Monday, June 05, 2017 10:54 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Yes for STRs in Santa Barbara County

Hello Santa Barbara County Board Members,

I am writing to you in support of short term rentals in Santa Barbara County. We recently purchased a home in Santa Barbara to spend more time visiting family in the area and to enjoy this amazing city. Since we are part-time residents, I listed our home for rent this winter (for 30+ day minimum), and I think it's important to convey my experience to you.

I was contacted by many families who were seeking a home for 1 - 2 weeks to vacation in Santa Barbara. The families I spoke to on the phone came from Canada, Austin, Portland, Seattle, and San Francisco. They were returning vacationers - some came every year to Santa Barbara. I would have been pleased to rent my home to any of these lovely people, but we had to turn these families down, since they were not able to rent for 30+ days. These families were very frustrated, since they were unable to locate suitable accommodations for their vacation.

As representatives of Santa Barbara County, you should be concerned that banning short term rentals will drive tourists - particularly families - to choose destinations other than Santa Barbara for their future travels. Families value space: for their children to relax and play, to cook their own meals, to travel with extended family. We have primarily rented vacation homes for our own travels. Hotels do not offer the same value, the same space, the same experience as a home.

I encourage you to eliminate the ban on short term vacation home rentals and instead put your efforts toward ensuring this market is healthy and sensibly regulated and generating revenue through collection of an occupancy tax.

Thanks for your efforts on behalf of Santa Barbara County.

Jennifer Heinemann

Lenzi, Chelsea

From: Denice Spangler Adams <calldsa@gmail.com>
Sent: Tuesday, June 06, 2017 7:31 AM
To: sbcob; Rodriguez, Terry
Subject: STR Public Comment - Support AllPvt Property Owner Rights w adequate and appropriate protections of neighbor peace and to neighbor's property value, and public protections to use of streets

Private property ownership rights must prevail with delineation of standardized criteria of property to be an appropriate STR location with adequacy of lot size and off street parking; and listing of protections to ensure via enforcement neighborhood peace, valuation, adequacy of roads, infrastructure and water.

I DO NOT SUPPORT Planning Commission recommendation, as written, to the Board.

I REQUEST DELAY, DEFERMENT OF ACTION ON STRs.

Denice S Adams
Montecito, CA
(At City Border)