

Public Comment - Group 1

Daly, Julia Rutherford

From: Rob Fredericks <robfredericks@yahoo.com>
Sent: Tuesday, May 30, 2017 10:57 AM
To: sbcob
Subject: Letter to BOS regarding June 6, 2017 Hearing concerning Short Term Rental use within the unincorporated areas of Santa Barbara County
Attachments: Letter_to_BOS_HearingToConsiderBanonSTRs_RobFredericks.pdf; LAANE REPORT - AIRBNB_RISING_RENT_AND_THE_HOUSINGCRISIS_IN_LOS_ANGELES.pdf

Dear Clerk of the Board of Supervisors,

Please pass on my attached letter to the Board of Supervisors. It is regarding the June 6, 2017 hearing on the use of Short Term Rentals within the Unincorporated areas of Santa Barbara County.

Thank you,

Rob Fredericks

ROB FREDERICKS
5452 N. Bryn Mawr
Ventura, CA 93003

May 30, 2017

Sent via email: sbcob@co.santa-barbara.ca.us

The Honorable Chair Joan Hartmann and
Members of the Board of Supervisors
County of Santa Barbara
105 E. Anapamu Street
Santa Barbara, CA 93101

RE: HEARING TO CONSIDER A BAN OF SHORT TERM RENTALS

Dear Chair Hartmann and Members of the Board of Supervisors:

This letter represents my personal views, and is not submitted on behalf of my employer, the Housing Authority of the City of Santa Barbara. The purpose of this letter is to ask the Board to support a ban on short-term rentals in residential zones as recommended by the Santa Barbara County Planning Commission and the Montecito Planning Commission.

Santa Barbara, as with the rest of the state of California, is suffering severe consequences from the shortage of available housing for its residents and workforce populations. For the last 21 years, I have worked in the community to provide affordable housing solutions for residents of the South Coast of Santa Barbara and I have witnessed first-hand the continuing impacts caused by the high demand and low supply of housing across all income levels. The impacts include many households paying over 50% of their income for rent, overcrowding of units due to families doubling and tripling up, and some have ended up homeless. Moreover, the increased commuter traffic, in and out of the greater Santa Barbara area, on a daily basis, is a related impact. Not only is this environmentally unsound, the lives of the commuters and their families are negatively impacted due to increased stress, less involvement in the local community and overall lower quality of life. I can attest to this as I am one of the 20,000+ commuters coming into Santa Barbara from Ventura.

With historically high rental rates and vacancy rates at less than 2% on the South Coast, even one unit taken off the rental market negatively effects our community. We have seen the deleterious effects of owners converting long-term rentals into short-term vacation rentals in the City of Santa Barbara. Our workforce is impacted. They are unable to obtain a safe place to call home simply because the landlord desires to earn great profits by converting our housing stock into commercial enterprises--vacation rentals (units renting for less than 30 days). Thankfully, the City re-affirmed its zoning ordinance banning short-term rentals in all residential zones except where hotels are otherwise allowed and similar permitting is followed.

The hyper-commodization of housing—housing created for the local population to live-in vs. the housing of tourists-- must stop. It is negatively impacting the workforce in many communities around the globe. *In order to have a healthy, vibrant community, housing must be available and affordable to the residents of the community.* Please follow the lead of over 25 counties and cities in California (including Santa Barbara, Ojai, Los Angeles, and Santa Monica) that have said NO to rentals for less than 30 days in residential zones. You and your staff go to great lengths to encourage the creation of needed housing. How can you allow a single unit to be lost to a commercial venture? I ask you to do the right thing, which may not be the easy thing, and support a ban on Short Term rentals in the County's residential zones. Attached for your review is the LAANE report. It details the negative impacts short-term rentals are having on communities in southern California.

Sincerely,



Rob Fredericks

EXHIBIT B



AIRBNB, RISING RENT, AND THE HOUSING CRISIS IN LOS ANGELES

MARCH 2015



laane.com
A NEW ECONOMY FOR ALL

Roy Samaan

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This report seeks to explore the history of AirBnB, understand how its public pronouncements deviate from observed facts, and identify the tangible and intangible effects that the company is having on our housing market, neighborhood cohesion and public revenues.

A key component of this report is its analysis of the AirBnB market in Los Angeles based on a snapshot of AirBnB listings on October 17, 2014. Through the application of freely available code, we have collected a comprehensive set of data that includes information on AirBnB hosts, prices, listing locations and listing types. These data provide a great deal of insight into the contours of the company's operations in and effects on Los Angeles.

First, AirBnB's impact on Los Angeles is far larger than previously understood. We identified 8,400 hosts and 11,401 AirBnB units listed for rent in Los Angeles.

Second these units are not, by and large, the "shared" space implied by terms like host or sharing economy. Instead, nearly 90 percent of AirBnB's Los Angeles revenues are generated by lessors with whole units and leasing companies who rent out two or more whole units.

Third, AirBnB has created a nexus between tourism and housing that hurts renters. The 7,316 units taken off the rental market by AirBnB is equivalent to seven years' of affordable housing construction in Los Angeles.

AirBnB density overlaps with high median rents and lower rental vacancy. The top nine AirBnB neighborhoods have a vacancy rate below the threshold the city uses to deny conversion of apartments to condominiums.

As a whole, Los Angeles has seen rental rates grow three times faster than San Francisco, while growth

is twice as fast in AirBnB's nine top neighborhoods as in the rest of the city. The UCLA Anderson School of Business considers L.A.'s high cost of housing a "significant drag on job creation."

In Venice, as many as 12.5 percent of all housing units have become AirBnB units, all without public approval. There are 360 AirBnB units per square mile in Venice and longtime residents who never intended to live next to hotels now find themselves dealing with noise and safety concerns that negatively impact their quality of life.

Over 80 percent of the taxes and economic activity AirBnB claims to generate likely would have come to Los Angeles anyway, resulting in taxes being paid, higher wages being earned and more money being spent by visitors.

In short, AirBnB has become a major player in Los Angeles and is having major impacts, often negative. But Los Angeles is a key market for AirBnB as well. AirBnB is moving toward an Initial Public Offering (IPO), and can only capture the billions of dollars it hopes to if it can address one fundamental fact: AirBnB rentals, in L.A. and elsewhere, are largely illegal.

This report argues that as the city begins the process of crafting a regulatory regime to address the company's proliferation into residential neighborhoods, any potential policy ought to be assessed by four key criteria:

1. Housing must be protected
2. Systematic approval requirements must be in place
3. AirBnB must share the burden of enforcement
4. Only true sharing should be allowed

Who is AirBnB?

AirBnB sells itself as a platform akin to a community bulletin board. However, unlike most community bulletin boards, the company takes a percentage out of every transaction, has centralized control over all listings, and maintains a global scope of operations. In other words, AirBnB is a hotel company. It may be deregulated and decentralized, embedded within countless apartment buildings, bungalow courts and leafy suburban streets, but the company's primary function is to make a profit accommodating guests.

According to the story AirBnB tells about its founding, CEO Brian Chesky was unemployed when he moved to San Francisco in 2007. A large design conference came to town and Chesky saw an opportunity to generate a bit of income by renting out an air mattress in his San Francisco loft to conference attendees who could not find an affordable hotel room. Chesky and his roommates accommodated three guests and provided them with breakfast. Thus, AirBed & Breakfast – now known as AirBnB – was born.¹

Early growth and Silicon Valley roots

AirBnB's early growth focused mainly on large events like the 2008 Democratic National Convention in Denver and South by Southwest in Austin. With hotels in these markets at full occupancy, AirBnB provided a listing service for individuals with surplus space in their homes or apartments to rent out to like-minded travelers. After successfully completing these proof of concept trials, Chesky and the other AirBnB cofounders were invited to participate in Y-Combinator, a Silicon Valley tech start-up incubator program that connects budding entrepreneurs with major venture capital investors.²

The company emerged as a favorite of Y-Combinator founder Paul Graham who worked to connect the AirBnB team to his contacts in the venture capital world. An email exchange published on Graham's personal website, with full knowledge and permission of all parties involved, shows that from a very early stage AirBnB sold itself as both a hotel competitor and as the foundation of a new



AirBnB's three co-founders, Nathan Blecharczyk (left), Brian Chesky (center) and Joe Gebbia (right) were added to *Forbes* list of billionaires in 2015.

kind of peer-to-peer marketplace—"the eBay of spaces" as Graham wrote to a potential funder.

The company touted its revenue stream as "counter-cyclical," arguing that when the economy declined, as it did while AirBnB pursued its initial rounds of financing in 2009, more users would be drawn to the site since they "had to pay the rent."³ In other words, people would want to rent out

Renting out residentially zoned units as accommodation for travelers runs counter to land use regulations and zoning codes.

their homes because rising housing costs made it harder to afford the rent or mortgage. As we will see, AirBnB returns to this claim time and time again to sell its service to residents, regulators and the public. As we shall also see, the claim is at once misleading and even ironic, since AirBnB itself may contribute to those rising costs.

Regulatory uncertainty threatens IPO

Since April 2014, AirBnB has raised nearly \$800 million from global investment firms including TPG Capital, T. Rowe Price and Dragoneer Investment Group. AirBnB has been valued at \$13 billion, placing the company in the upper echelons of the hospitality industry.⁴ At this valuation, AirBnB has a higher market value than both Hyatt (\$8.4 billion) and Wyndham (\$9.3 billion).⁵ According to media reports, the company has been responsible for booking 10 million guest nights since 2008, and its own estimates indicate the company may have booked more room nights in 2014 than

major chains like Hilton and Intercontinental. The company generates revenue by charging hosts a three percent commission on each booking and by charging travelers a commission of between six and 12 percent, thus generating a yield of anywhere between nine and 15 percent in commission for every booking.⁶

Market observers expect AirBnB's successive rounds of fundraising are a prelude to an Initial Public Offering (IPO). However, renting out residentially zoned units as accommodation for travelers runs counter to land use regulations and zoning codes.⁷ For example, a March 2014 memo distributed by Los Angeles' Deputy Planning Director Alan Bell states that short term rentals are prohibited in single-family and lower density multi-family residential zones. The memo notes that the status of short term rentals in higher density multi-family and commercial zones is "complex."⁸

Uncertainty around the legality of AirBnB's core business model is further compounded by the fact that the company has not collected the hotel-related taxes mandated by most jurisdictions. Municipalities have explored a range of regulatory options to address the proliferation of illegal hotels in residential neighborhoods. Consequently every municipality represents a proving ground for AirBnB. Each time a city normalizes the company's activities, AirBnB becomes a more stable, secure investment. Receiving legitimacy from major markets, like Los Angeles, is a critical precondition to moving into the IPO phase of the company's growth cycle.

Each time a city normalizes the company's activities, AirBnB becomes a more stable, secure investment.

AirBnB's Political Playbook

AirBnB has marshaled a sophisticated political operation any time the company has faced even symbolic regulatory action.⁹ This generally involves packing a room with dozens of hosts. Armed with compelling stories, these hosts detail the ways in which renting out their spare rooms has enriched their lives and saved them from economic ruin. The hosts seem motivated by a combination of financial self interest and a sincere belief that they compose a beleaguered community. This gives AirBnB a group of personal, heartfelt and therefore effective spokespeople that most corporations can only dream of. This is no accident, but rather the result of a sophisticated operation based on a well-articulated marketing philosophy laid out in the book *The Culting of Brands: How to Turn Customers into True Believers*.¹⁰

Culting's author is Doug Atkin, who also happens to be AirBnB's Global Head of Community.¹¹ The book is pitched as a way to "teach marketers how to align themselves with a specific segment of the population, how to attract and keep new members, how to establish a mythology about the company, and how to manage a workforce filled with true believers."¹² The central thesis is that companies like Apple ("*Think Different*") and Nike ("*Just do it!*") share many characteristics common to cults like the Unification Church or the Hare Krishna in that these companies form a strong emotional connection to their customers and these customers view themselves as a part of a broader community.



This picture, taken from AirBnB's website, highlights the company's core principle of creating a sense of "belonging" through its service.

As Atkin puts it in the conclusion of *Culting*:

While Airbnb's marketing is a distinctive feature of its business, the company's branding is also a key element of its success. Airbnb's branding is a combination of its mission, its values, and its personality. The company's branding is a reflection of its philosophy, which is based on the idea of "belonging anywhere."

The *Culting* philosophy is evident in much of Airbnb's marketing, from its founding myth about the air mattress to its use of hosts as spokespeople. To build up this base, Airbnb has hired political field operatives in addition to contracting with traditional PR firms. A simple LinkedIn search shows that Airbnb's preference has been for hiring staffers with experience managing political campaigns. A December 2014 job posting for an Airbnb "community organizer" position, for example, listed "[r]ecruiting, training, and managing advocates of home sharing" as the primary job responsibility and "community organizing in political campaign[s]" as the top desired qualification for the position. As is the case with most jobs on a political campaign, the job listing also notes that the community organizer "will be a temporary position."¹⁴

The AirBnB Ecosystem

AirBnB's success is based on a revenue-generating model marked by externalized labor and overhead costs and centralized, low-risk control over a proprietary marketplace. Exploring the key elements of this marketplace sheds light on how the AirBnB system functions and where the company's internal workings deviate from its public pronouncements.

Hosts and listing types

AirBnB's business model is composed of three elements: hosts, listings and guests. Understanding the variations among these categories is a necessary step to unraveling how AirBnB generates revenue. AirBnB lists three different types of units as follows:

1. Whole units: An entire home, apartment or other accommodation. Host is not present in the unit during the guest's stay.
2. Private rooms: A space within a host's home or apartment with the expectation of some degree of privacy. Host is present in the unit during the guest's stay. In this listing type, the guest is essentially a short term housemate.
3. Shared room: Guest and host occupy the same living space, with a reduced expectation of privacy. This is the original "airbed" or couch surfing model described by the founder.

Renting out whole units exacerbates Los Angeles' existing shortfall of rental options while also creating safety hazards and quality of life concerns for Los Angeles neighborhoods.

Whole unit listings dominate key AirBnB markets

AirBnB's marketing and political outreach may center on private and shared room listings, but an examination of AirBnB listings in three key markets shows that the company's marketplace is dominated by whole unit listings.¹⁵

Figure 1
Percent of Listing Types by City



In all the major markets for which data are available, the number of whole unit listings outweighs the other types of listings by a nearly two-to-one margin, and shared rooms make up an almost negligible portion of the market.¹⁶ A breakdown by listing type appears in Figure 1.

Understanding the market mix of AirBnB's listings is a necessary step to gauging the effect the company has on residential neighborhoods. Renting out whole units exacerbates Los Angeles' existing shortfall of rental options while also creating safety hazards and quality of life concerns for Los Angeles neighborhoods.

The Los Angeles AirBnB Market

In a recent front page *Los Angeles Times* article exploring AirBnB's effects on neighborhoods, AirBnB reportedly claimed there were "roughly 4,500 hosts in L.A."¹⁷ The story did not indicate how many *units* AirBnB claimed to have in Los Angeles.

In fact, this significantly understates the size and scope of AirBnB's operations in the region. According to our data, as of October 17, 2014, there were more than 8,400 hosts in the Los Angeles area, nearly twice what AirBnB claimed. Even that number understates AirBnB's size. We found 11,401 AirBnB lodging units in the Los Angeles hospitality market.¹⁸

The categories AirBnB uses to describe its different types of lodgings are somewhat misleading. Terms like "host" and "sharing economy" imply a shared space and the presence of the person renting out the space in all three listing types. To better understand how the market actually works, we have developed a different system of categorization to more accurately reflect the size, type and scope of AirBnB's tourist-serving operations.

These categories are:

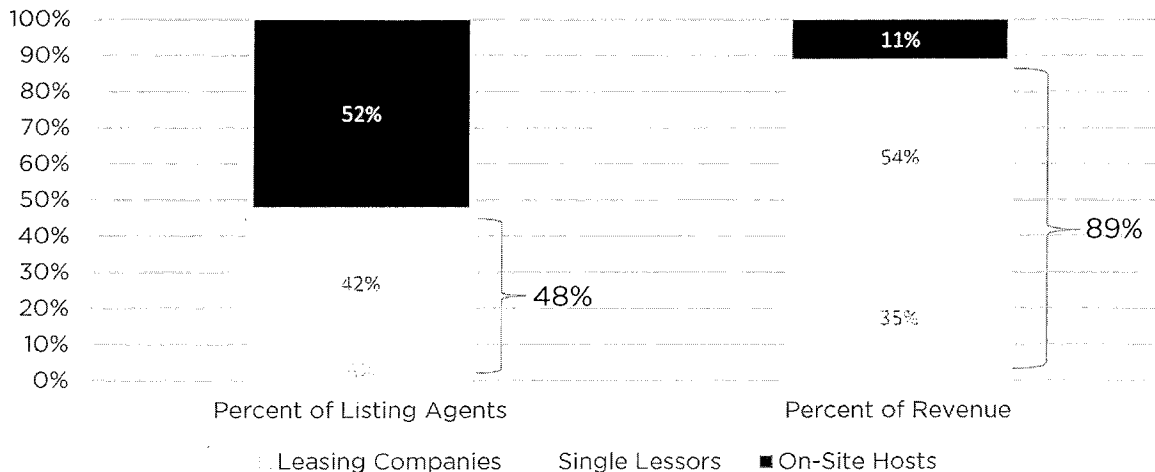
- Leasing Companies: Lessors listing two or more whole units;
- Single Lessors: Lessors listing a single whole unit; and
- On Site Hosts: Hosts listing private rooms or shared rooms.

Figure 2, based on the company's data, shows that while those who actually "share"—the on-site hosts—are in the majority, they generate just 11 percent of the company's Los Angeles revenue.¹⁹

single lessors and leasing companies combine to generate 89 percent of AirBnB's Los Angeles revenue. A full 35 percent of revenue is generated by the six percent of the market that meets our definition of "leasing companies."

On-site hosts listing shared rooms accounted for less than one quarter of one percent of AirBnB's Los Angeles revenue. In terms of revenue generation, the spaces which most closely approximate AirBnB's earliest days are almost completely eclipsed by the listings which most closely resemble traditional hotels.

Figure 2
Revenue Generation by Listing Agent Type



High intensity use indicates hotel conversion

Commercial entities—the combination of leasing companies and individual lessors—are responsible for the most intensively used AirBnB units in the city. Rather than representing “surplus capacity” in the housing market, listings with hundreds of reviews present the clearest evidence of the conversion of residential uses into hotels.

For example, the most reviewed listing in our dataset is a Venice Beach guest home with 326 reviews and a minimum stay of two nights.²⁰ In Appendix B we describe how we estimate occupancy based on this information.

These adjusted booking data show this Venice guest house was likely to have been booked for 1,231 days, or 3.4 years.²² The listing’s hosts have been AirBnB members since 2009, meaning this unit had an occupancy rate of 69 percent. The average occupancy rate for a limited service hotel is 67.8 percent, according to PKF Hospitality Research’s 2014 Trends in the Hotel Industry.²³



The most reviewed AirBnB listing in Los Angeles is this Venice Beach guest house.



This rent-controlled Venice apartment building has an AirBnB unit with a 93 percent occupancy rate.

The top 10 most highly reviewed AirBnB units had average occupancy rates of 66 percent, in line with industry rates. While not the most reviewed unit in our database one Venice studio, had an occupancy rate of 93 percent indicating this rent controlled unit is a near-constantly occupied hotel.²⁴

Hosts with multiple units may be professional management companies

As our category name suggests, “leasing companies” are not individuals. Instead, listing agencies have consolidated AirBnB listings under an assumed AirBnB host. A host going by the name “Ghc” is the most prolific host in our Los Angeles AirBnB database, with 78 whole units in a dense cluster spanning the border between Santa Monica and Venice. Ghc’s host page is pictured in Figure 3.²⁵ Ghc is, in fact, the AirBnB page for Globe Homes and Condos, a company that describes itself as a “full service vacation rental management company.”²⁶

Globe Homes' owner is Sebastian de Kleer, who co-founded the Los Angeles Short term Rental Alliance (LA-STRA) with Ari Eryorulmaz of AE Hospitality, another leasing company.²⁷ Given its co-founders, it is not surprising that LA-STRA is unambiguous about supporting the rights of "professionals in the short term vacation rental industry." LA-STRA's mission is to "to organize and unify the vacation and corporate rental community with the purpose of being able to influence new developments in laws and regulations regarding short term furnished rentals."²⁸ However, in a *New York Times*' piece profiling the proliferation of illegal hotels in New York City, de Kleer was far more succinct saying, "I need to be able to compete with the hotels[.]"²⁹

Before listing themselves as Ghc, de Kleer's company maintained its AirBnB presence under the name "Danielle and Lexi." The case of Danielle and Lexi is especially instructive in how complex the AirBnB

market in Los Angeles has become.³⁰ In spite of the fact that Danielle and Lexi received a "verified ID" badge on their profile page, we have no way of knowing if they had any role in the properties other than having their photo taken. All the listings featured on Danielle and Lexi's AirBnB host page were actually managed by Globe Homes and Condos. The Danielle and Lexi host page is pictured in Figure 4.

Ownership obscured

Globe Homes works with property owners to convert their properties into de facto hotels. Tracking down ownership information for these units is difficult as AirBnB only releases exact unit addresses once a booking has been confirmed. However, we were able to determine the exact address of one of the Globe-managed AirBnB properties. A search of public records showed the apartment building, located a few blocks off Abbot Kinney, is owned by Michael Tatum. Tatum also



Figure 3: The profile page for Globe Homes and Condos



Figure 4: Danielle and Lexi were the previous avatars of Globe Homes and Condos on AirBnB.

owns 19 other properties throughout Los Angeles and Santa Monica. Many of these properties also happen to be apartment buildings, although to the best of our knowledge these buildings have not been converted into tourist accommodations. Tatum purchased the building on Santa Clara Street, a low-density residential zone, in 2009

Tatum has a contract with Globe Homes, and Globe Homes, under the guise of “Danielle and Lexi,” listed the units within the apartment building through AirBnB. The building has at least five units, all of which are covered by the City of Los Angeles Rent Stabilization Ordinance (RSO, also called “rent control”).³¹

Renting these units out to transient visitors allows Michael Tatum to sidestep the tenant protections, bars on eviction, and limited rent increases built into the RSO, while collecting a predictable income stream from tourists.

Michael Tatum is presumably well aware of the limitations the RSO places on Los Angeles landlords. His father, Thomas Tatum, donated \$125,000 in support of Proposition 98, a 2008 initiative which would have allowed rent control units to become permanently market rate after being vacated by a tenant.³² Thomas Tatum was also a major backer of Proposition 199 in 1996,

In spite of the fact that Danielle and Lexi received a “verified ID” badge on their profile page, we have no way of knowing if they had any role in the properties other than having their photo taken.

along with his business partner, Jeffrey Kaplan. Tatum and Kaplan, who owned several hundred mobile home units in California, would have benefited greatly from the passage of Prop. 199 which was intended to phase out rent control protections in mobile home parks.³³ By renting their units out on AirBnB, the Tatums have finally bypassed the RSO, while also providing an instructive example of the relationship between AirBnB and rising housing costs described later in this report.

Globe Homes recently retired “Danielle and Lexi” as their avatars. Nonetheless, the Danielle and Lexi case underscores the regulatory complexity that cities face when trying to enforce zoning and housing ordinances at AirBnB units. Danielle and Lexi were not ultimately responsible for following city laws. The actual owners of a property need never interact directly with the traveling public, and AirBnB provides no way to directly contact a property’s owner as opposed to its agents or lessees.

This case also undermines one of the cornerstones of AirBnB’s business model, namely that the company’s ratings and identity verification system are a viable means by which travelers can vet their prospective hosts. Danielle and Lexi had a badge prominently featured on their profile page indicating that they had a “verified ID,” but they were at least two degrees of separation away from the property’s actual ownership.

A recent Boston University study suggests that AirBnB’s ratings are nearly worthless. According to this study, nearly 95 percent of AirBnB properties boast an average user-generated rating of either 4.5 or 5 out of 5 stars. These inflated ratings are believed to be caused in part by having hosts and guests review each other. As the *New York Times* coverage of this study noted, AirBnB guests that seem too critical worry they “might get turned down by future hosts who worry [guests] will be too demanding.”³⁴

The company does not monitor lodgings in any way, and relies exclusively on these ratings to determine the quality of the accommodation on offer.³⁵

The bottom of the AirBnB economy

AirBnB has argued that its service should be legalized on the grounds that it can help ordinary people supplement their incomes or remain in their homes. The company has also taken the position that “outdated” zoning codes are ill-suited to regulate the new, tech-driven “sharing economy.”

In this economy, AirBnB is a clear winner. As of October 17, 2014 there were 11,401 listings in the L.A. region as defined by AirBnB. Based on an analysis of AirBnB listing data and data provided by the company to the New York Attorney General’s office, we estimate the total revenue generated by these units to be \$80 million in 2014 alone.³⁶

However, our data show the very individuals who are meant to benefit the most from AirBnB’s service— “ordinary citizens”— are more than three times as likely to generate no revenue than hosts with multiple listings. Analyzing listing data from AirBnB’s public facing site shows that 38 percent of hosts with a single listing of *any type* generated no income whatsoever. These hosts have essentially failed to generate any benefit from listing their homes on AirBnB.

Our data show that the very individuals who are meant to benefit the most from AirBnB’s service - “ordinary citizens” - are more than three times more likely to generate no revenue than hosts with multiple listings.

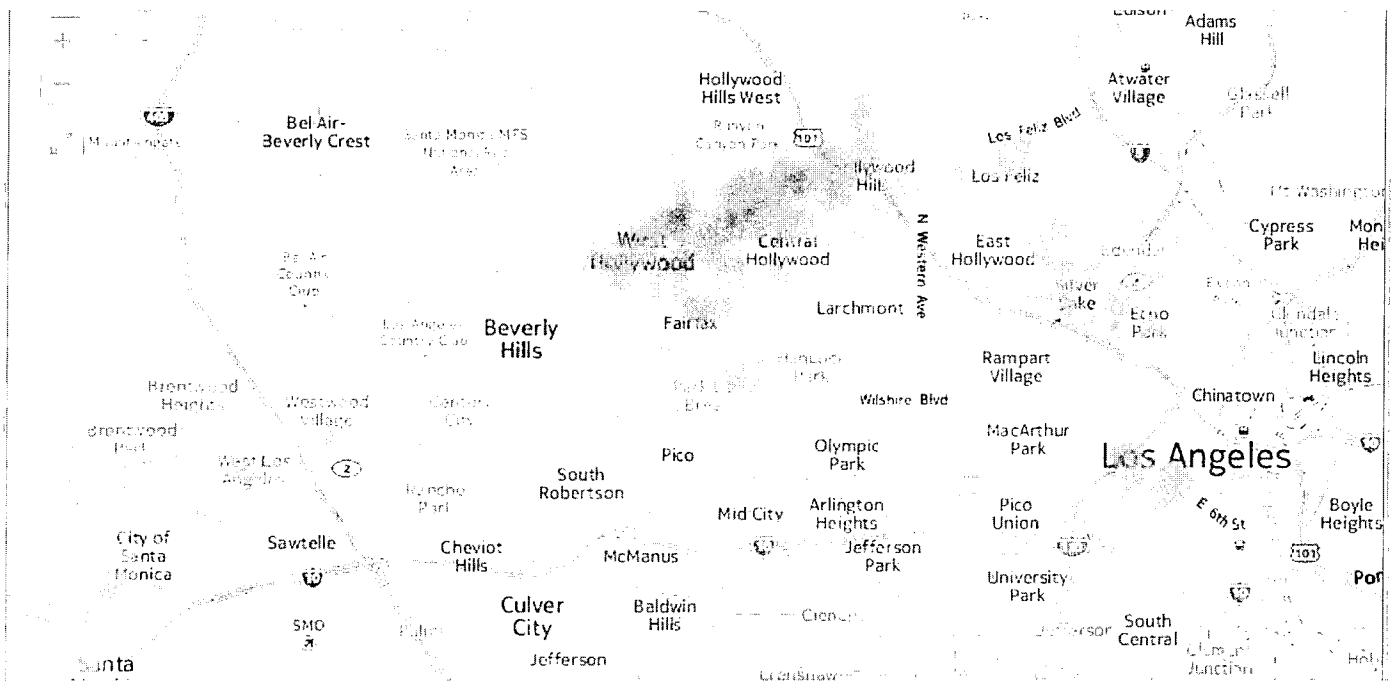
Hosts with access to more resources are able to extract the most benefit out of the AirBnB market. For hosts with two or more listings, the rate of failure to generate revenue is only 11 percent. Only two percent of hosts with five or more listings have failed to generate revenue.

Rather than disrupting the existing economic order, AirBnB seems to have simply reinforced that hierarchy. Our data show that AirBnB units are most densely clustered in Los Angeles neighborhoods with rents that are, on average, 20 percent higher than citywide median rent.³⁷ These are affluent neighborhoods with attractive housing stock and easy access to amenities. These are the characteristics that make these places attractive to tourists and residents alike.³⁸

Research conducted by the Harvard Business School has also uncovered a racial component to who is most able to profit in the AirBnB marketplace. Benjamin Edelman and Michael Luca conducted a study which found that “non-black hosts received

12 percent more *for a similar apartment with similar ratings and photos* relative to black hosts.” The authors’ statistical analysis controlled for “all of the attributes that are readily observable to a potential tenant browsing listings on AirBnB.”

Edelman and Luca conclude AirBnB’s attempts to build trust into the market it created may have the unintended consequence of enabling its users to impose a “significant penalty” on black hosts trying to earn income through AirBnB. Encouraging hosts to post photos of themselves and links to social media profiles provides all the information needed to engage in discriminatory practices. AirBnB’s “verified ID” program may make it easier for prospective tenants to discriminate against black hosts.³⁹ The median percentage of African Americans in AirBnB’s key profit-generating neighborhoods is 4.6 percent, below the citywide average of 9.5 percent.⁴⁰



A representation of the regions of Los Angeles in which AirBnB generated revenue. Revenue generation is clustered in coastal neighborhoods and in a corridor stretching from the Miracle Mile, through Hollywood and Silver Lake, to Downtown Los Angeles.

AirBnB's job costs

If AirBnB units were hotel rooms, the 11,401 units on the Los Angeles market would employ more than 7,400 hotel workers, earning an average wage of \$14.07 per hour.⁴¹ However, one way AirBnB keeps overhead low is to outsource traditional hospitality labor jobs, most notably housekeeping. Housekeeping is likely carried out by domestic workers employed by any number of home cleaning services.⁴² Domestic workers earn a median wage of \$10 per hour.⁴³

For every hour a domestic worker is hired to clean a tourist-serving accommodation, that worker is underpaid relative to a hotel worker by an average of \$4.07. If AirBnB lodging employed as many workers as hotel lodging, and assuming a standard 35 hour work week, paying AirBnB's cleaning workforce at the median domestic worker rate results in \$1.1 million less in wages than a similarly-sized hotel every week, or more than \$54 million every year.

AirBnB may actually cost jobs in hotels.

In fact, this likely understates the effect in several ways. Although data are not available, it is almost certain that AirBnB units do not provide as many jobs as hotels. Hotels employ workers in many job classifications AirBnB units do not—front desk, valet and parking, telephone operator, shuttle driver, security, and janitorial to name a few. These classifications account for two-thirds of the total hotel workforce. Moreover, unlike in a hotel, most AirBnB units are not cleaned every day, and some may be cleaned by the owner or host rather than by a cleaning company.

It is more likely that AirBnB units provide employment for, at most, 20 percent of the number of workers as a similarly-sized hotel. In other words, even a high estimate finds some 1,500 workers in place of the 7,400 that would be in a hotel with as many rooms as AirBnB. The wages paid to workers at AirBnB lodgings may be 13.2 percent of what they would be at a similarly sized hotel, resulting in a difference of \$3.1 million a week in wages.

Further, AirBnB may actually cost jobs in hotels. A 2014 Boston University School of Management study demonstrated that AirBnB's growth has had a statistically significant negative impact on hotel revenue.⁴⁴ This effect compounds the downward pressure that AirBnB places on wages, as hotels are less likely to give part-time employees any more hours or hire new staff.

For those workers in the AirBnB system, challenges extend beyond lower wages. Domestic workers face a notoriously exploitative and unregulated employment landscape. A study released by the University of Illinois Chicago and the National Domestic Workers Alliance found 61 percent of California domestic workers receive a wage insufficient to support a family and 54 percent of these workers reported working with toxic cleaning supplies. The report also found that "the lack of enforceable standards increases the likelihood of mistreatment."⁴⁵

Many housekeepers working for a hotel qualify for healthcare under the Affordable Care Act. Domestic workers are likely to be employed by smaller employers or engaged as independent contractors, reducing the likelihood that they will qualify for healthcare. Enforcing discrimination claims, overtime violations, and safety standards is challenging enough when all workers are directly employed by a single employer at a single worksite, but exponentially more so in the diffuse domestic work sector.⁴⁶

AirBnB and the Housing Market

Whether a market is digital or physical, basic economic principles of supply and demand are still operative. Traditionally, the rental housing market and the hospitality industry do not intersect. However, AirBnB has created a platform that allows landlords to pit tourist dollars against renter dollars. Landlords can potentially earn significantly more money by converting traditional rental stock into AirBnB units, as many appear to have done.

Los Angeles cannot afford to lose housing units. The Los Angeles Department of City Planning's Housing Needs Assessment shows that the city needs an additional 5,300 units of affordable housing each year to keep up with demand. However, Los Angeles developers have only averaged about 1,100 units of affordable housing per year since 2006. The 7,316 whole apartments currently listed on AirBnB represents nearly seven years' of affordable housing construction at the current rate of housing development.⁴⁷

AirBnB has created a platform that allows landlords to pit tourist dollars against renter dollars. Landlords can potentially earn significantly more money by converting traditional rental stock into AirBnB units, as many appear to have done.

Los Angeles has the highest percentage of renters of any city in the country. Although the average rental price in Los Angeles has increased over the last three years, median wages have stagnated.⁴⁸ These factors have combined to make the Los Angeles rental market the least affordable in the

The 7,316 whole apartments currently listed on AirBnB represents nearly seven years' of affordable housing construction at the current rate of housing development.

country.⁴⁹ According to research conducted by UCLA's Ziman Center for Real Estate, 77 percent of low income Angelenos devote more than half their income to rent.

AirBnB creates incentives to take units off the rental market

The Morrison Apartments in Venice Beach show this new incentive structure in action. Located one block from the Venice Boardwalk, the 21 units in the Morrison are covered by the City of Los Angeles Rent Stabilization Ordinance. Coldwell Banker Commercial (CBC) recently listed the Morrison for sale. In an Exclusive Offering Memorandum obtained by a member of the Venice Neighborhood Council, CBC presents the conversion of the Morrison to AirBnB units as the prudent financial choice for prospective owners.

CBC estimates that a landlord could expect about \$200,000 in net annual income by renting these rent-controlled units out on the open market. If the new landlord converts the building into AirBnB units, CBC estimates they could expect to bring in more than \$477,000 per year, assuming a 67 percent occupancy rate. The projected rate of return under the Morrison's residential configuration is estimated to be 5.6 percent, while the projected rate of return for configuring the Morrison as an AirBnB building is 13 percent.⁵⁰ The occupancy rate for nearby hotels is above 75 percent and these properties consistently sell out during the summer high season.⁵¹

FINANCIAL OVERVIEW

The Morrison Apartments - 14 Westminster Ave, Venice, CA 90291

INVESTMENT SUMMARY		LAST YEAR & ANNUAL SCHEDULED INCOME			
Item	Amount	Type	Units	Actual	Target
Net Rent	142	Appt	12	\$1,200	\$1,200
Net Rent	2	FF	7	\$1,172	\$1,172
Net Rent	134	FF	1	\$1,172	\$1,172
Net Rent	136	FF	1	\$1,172	\$1,172
TOTALS	284		21	\$12,144	\$12,144


ANNUALIZED INCOME		Actual	Market
Net Rent	284	\$12,144	\$12,144
Net Rent	284	\$12,144	\$12,144
Net Rent	284	\$12,144	\$12,144

FINANCING SUMMARY		Actual	Market
Net Rent	\$1,172	\$1,172	\$1,172
Net Rent	\$1,172	\$1,172	\$1,172
Net Rent	\$1,172	\$1,172	\$1,172

ANNUALIZED EXPENSES		Actual	Market
Net Rent	\$1,172	\$1,172	\$1,172
Net Rent	\$1,172	\$1,172	\$1,172
Net Rent	\$1,172	\$1,172	\$1,172

THE MORRISON APARTMENTS

14 WESTMINSTER AVENUE, VENICE, CA 90291



21 UNITS - OFFERED AT \$6,000,000

ERIC SACKLER
 Telephone: 310-396-4200
 Eric.Sackler@cbn.com
 11611 San Vicente Blvd. 10th Fl.
 Los Angeles, CA 90049
 Cell: 310-396-4200

COLDWELL BANKER COMMERCIAL
SRI

AIRBNB/RBO PRO FORMA FINANCIAL OVERVIEW

The Morrison Apartments - 14 Westminster Ave, Venice, CA 90291

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Prepared by Coldwell Banker, this financial overview compares the rate of return for a traditional rental listing and conversion to an illegal hotel.

It is reasonable to assume that landlords and property owners across the city are making similar cost-benefit analyses with respect to their housing stock. One enterprising AirBnB impresario, Jon Wheatley, even posted a step-by-step guide for buying apartments for the purpose of running a remotely-managed AirBnB listing.⁵² While Coldwell Banker does encourage prospective buyers to “check with the city” before converting a building into AirBnB stock, the challenges inherent to enforcing the zoning code on more than 11,000 AirBnB units has allowed these sorts of bootleg boutiques to proliferate unchecked throughout Los Angeles neighborhoods.⁵³

This new incentive structure has very real consequences for Los Angeles renters. The Waldorf is an historic apartment building in the heart of Venice. As the building’s owner has begun converting the Waldorf into a de facto hotel, long-term residents have felt increasingly unwelcome in their homes. As their friends and neighbors

have moved out, their building’s owner has listed newly vacant apartments as short-term tourist accommodations rather than bringing in new long-term tenants. Residents also believe their landlord is no longer performing basic maintenance on their apartment because they are not as profitable as the tourist-serving units.

CIRCLE UP

I BOUGHT AN APARTMENT TO RENT OUT ON AIRBNB

In 2012 I bought an apartment specifically to rent out on Airbnb. I've been managing it remotely for the past year. This post includes everything I learned as well as some revenue numbers.

The how-to guide posted by Jon Wheatley detailing how to purchase a rental unit and operate it as an AirBnB unit.

Table 1

AirBnB's Top Grossing Neighborhoods in the City of Los Angeles

Neighborhood	Percentage of total AirBnB Listings	Number of AirBnB Listings	Percentage of Revenue	Residential Vacancy Rate
Venice	12%	1,137	23%	4%
Downtown	3%	270	14%	4%
Miracle Mile	9%	848	9%	3%
Hollywood	11%	980	7%	3.5%
Hollywood Hills	5%	452	6%	3.5%
Echo Park	3%	325	5%	3.5%
Silver Lake	4%	361	5%	3.5%
Mar Vista	2%	191	2%	2.6%
Los Feliz	2%	196	2%	3.5%
Total	51%	4,760	73%	Avg: 3.5%

Beyond the nuisance this has caused, Waldorf residents miss the sense of community they once shared with their neighbors. They report being awakened by regular cleaning crew visits and not recognizing the people they pass in the hallways when they get home from work.

Even though a portion of their building is already being used as hotel, Waldorf residents would likely be swiftly evicted if they rented out their apartments on AirBnB. In one case, a Venice landlord brought suit against one of his tenants who was renting out her rent-controlled Venice apartment at a nightly rate equivalent to about \$3,000 per month, while paying a rent of just \$1,000 per month.⁵⁴ This landlord was presumably aware that his tenant was paying a monthly rent well below the neighborhood's median rent.⁵⁵ AirBnB is plainly illegal in low density residential areas, and converting a rental apartment into a business is against the terms of most residential leases. Consequently, this landlord had unambiguous legal grounds for an eviction. He is now able to list this unit at the market rate, nearly tripling the rent he earns every month in the process.

High AirBnB density overlaps with higher rents and lower rental vacancy

AirBnB has units listed throughout Los Angeles, but just nine of the City's 95 neighborhoods are responsible for generating 73 percent of the company's revenue. These neighborhoods are ranked in Table 1 in order of the share of total revenue.

The apartment listing service *Lovely* releases a quarterly report of the Los Angeles rental market charting the growth in median rent. The Q3 2014 report, released December 2014, highlights some dynamics shaping the Los Angeles rental market. The report's key finding is that rents in Los Angeles have increased 10.4 percent between Q1 2013 and Q3 2014 with a median rent of \$1,865 across all unit types and sub-markets. This represents a growth rate more than three times that of San Francisco.⁵⁶

The rapid growth in rents has a cumulative effect on the regional economy. The UCLA Anderson School of Business March 2014 Human Capital Report indicated the high cost of housing in Los Angeles has created a statistically significant drag on job creation in the region.⁵⁷

AirBnB market density coincides with neighborhoods that have rents well above the citywide average. These neighborhoods boast an average rent 20 percent higher than the citywide average.⁵⁸

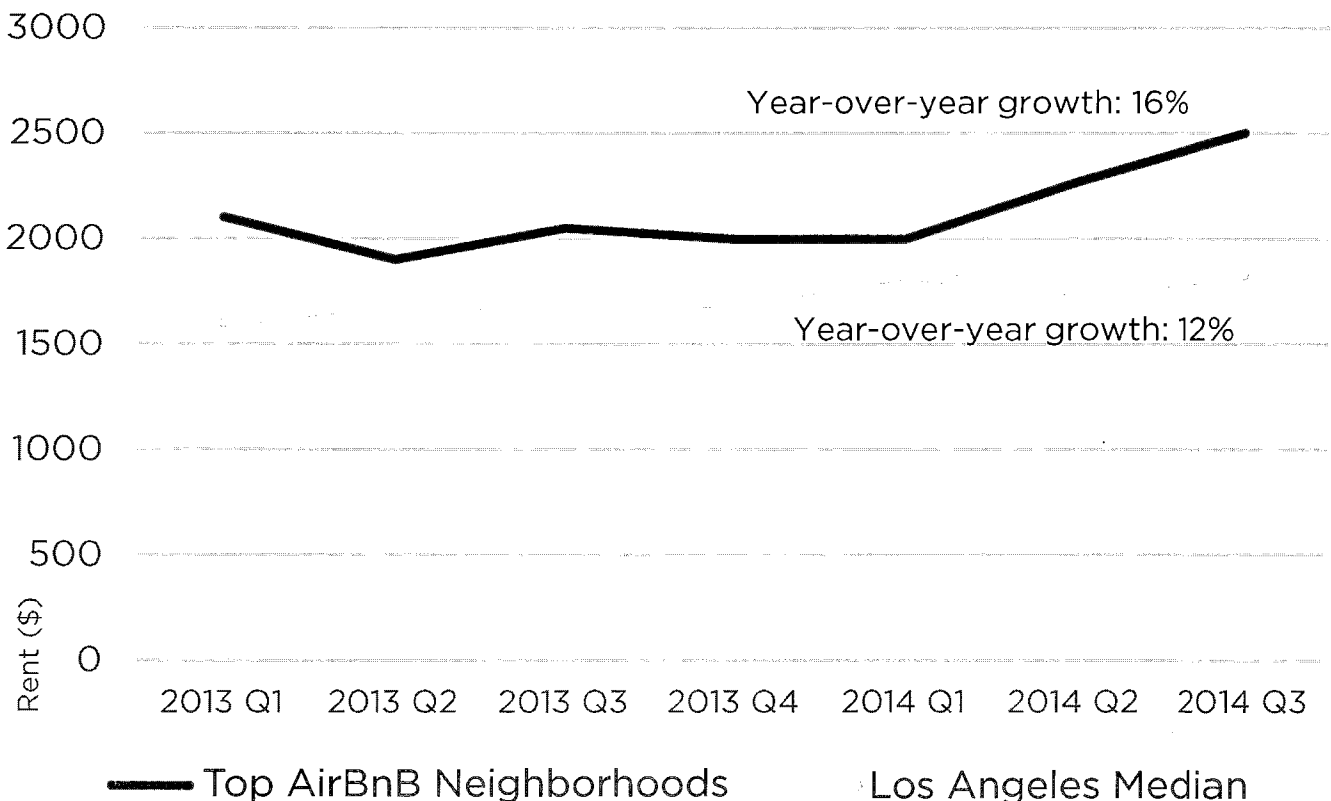
increase in rent since 2011.⁵⁹ As shown in Figure 5, since the beginning of 2013 rents in AirBnB's top neighborhoods have climbed 16 percent, as compared to a 12 percent growth in the citywide median rent over the same time period.

Rental prices in these neighborhoods have increased substantially in recent years. Real estate listing company Zillow creates an index of Los Angeles neighborhood rents going back to 2011. According to Zillow's data, these neighborhoods have all had double digit increases in rent over the last three and a half years; Hollywood's rent has climbed by 20 percent, while rent in Echo Park has increased by 31 percent. Mar Vista, a residential West Los Angeles neighborhood adjacent to both Venice and Santa Monica, has had a 41 percent

Rental pricing is based on numerous economic factors and market forces, and we do not know the exact relationship between AirBnB density and median rents. It is telling that the average vacancy rate for AirBnB's top nine neighborhoods stands at 3.5 percent. The City of Los Angeles places special significance on neighborhoods with low vacancy rates. In 2006, at the height of a boom in the conversion of rent-controlled units into condominiums, the Los Angeles City Council passed an ordinance allowing City agencies to deny

Figure 5

Comparison in Median Rent Between AirBnB Top Neighborhoods and Citywide Median Rent



condo conversions in neighborhoods with vacancy rates below five percent.⁶⁰ Removing rental units from these markets by the thousands, as AirBnB has facilitated, appears to have contributed to declining vacancy rates, and consequent rising rents.

Examining AirBnB listings turns up examples like the case of 1010 Wilshire, a high end apartment building with 227 units in Downtown Los Angeles. AirBnB lists Alexandra as the “host,” though as with Danielle and Lexi, we have no way of knowing if she runs the building or is merely an attractive image in a photograph. Either way, 1010 Wilshire’s management has listed 20 percent of its units as tourist accommodations on AirBnB rather than housing for locals.

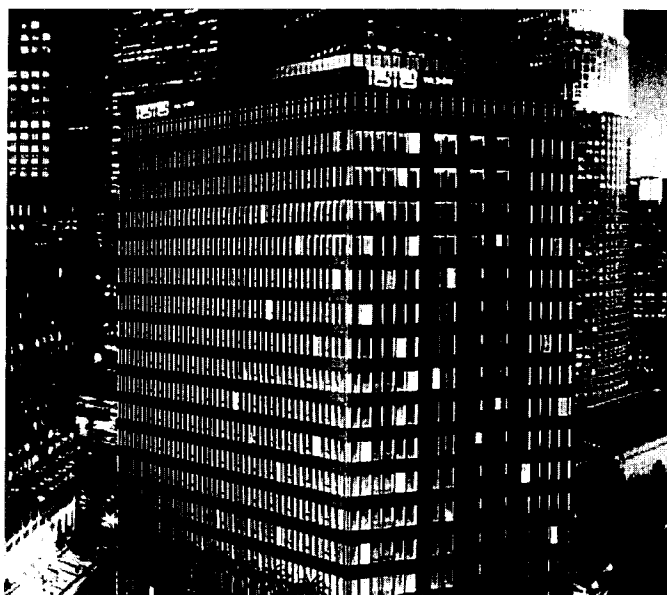
When the rental market does not work in 1010 Wilshire’s management’s favor, they can participate in the tourist market instead. This distorts the rental market by limiting rental supply. In doing this, 1010 Wilshire’s management is following the path of

Removing rental units from these markets by the thousands appears to have contributed to declining vacancy rates, and consequent rising rents.

least resistance to the highest rent possible. AirBnB has provided the tools and incentive structure that make this decision not only profitable, but also reasonable.



Host page for Alexandra, 1010 Wilshire’s AirBnB leasing agent.



Exterior shot of 1010 Wilshire from the leasing company’s home page.

AirBnB in Los Angeles Neighborhoods

When municipalities implement zoning codes they have a basic purpose, namely the promotion of the health, safety, and general welfare of the community. Zoning codes fulfill this purpose by maintaining a separation between major land use categories (residential, agricultural, industrial, commercial) and by allowing only specified types of use in each major category. Most municipal zoning codes generally do not, for example, allow for the construction of heavy commercial uses in the midst of a single-family residential community.⁶¹

The Los Angeles Municipal Code treats residential zones with a great deal of deference, particularly where new commercial developments are concerned. If a new project is proposed that requires a variance from established zoning for an area, neighbors within a 500 foot radius must be notified, and an Area Planning Commission takes up the issue in a public hearing.⁶²

In AirBnB's Venice stronghold there are 1,137 AirBnB units. According to our estimates this is about 12.5 percent of all housing units in the community and an average of 360 AirBnB listings per square mile.⁶³ In some parts of Venice whole blocks have been given over to illegal hotel operations.⁶⁴ Public hearings and approval were not held for any of these conversions. By contrast, a local developer has sought to build the Abbot Kinney Hotel, an 82-room property, for more than three years, working with the Planning Department, community groups and numerous official and unofficial public forums. Approvals have not been granted as of this writing.

One reason for the long process for the Abbot Kinney hotel is concerns about neighborhood character and traffic. As the number of tourists in an area increases relative to the number of permanent

residents, it stands to reason that objective and subjective measures of neighborhood cohesion would decrease. A 2012 Urban Institute study pointed to research around residential instability. According to this study, "high residential instability in a neighborhood can result in reduced social cohesion and disrupt institutions which, in turn, can make a neighborhood more susceptible to crime."⁶⁵

For many long-time Venice residents, this academic verification was unnecessary. They have seen first hand what it is like to have a neighborhood converted into a hotel overnight. For one resident, it has meant watching an 80-year-old neighbor get sent to the hospital over a confrontation with loud tourists on his block. He notes that there are "different people every week... hanging out smoking on the sidewalks." He feels his community has changed for the worse, a sentiment echoed by another Venice resident forced to leave after 27 years when the house he was living in was sold. He says, "I'm not some romanticist that believes everything has to stay the same, but AirBnB has turned our neighborhood into a nightmare...We live on a 'walk street'...where we knew our neighbors...I don't know the people here anymore."

Numerous tourists moving through a neighborhood can also exacerbate parking deficiencies and worsen overall quality of life for residents. Scott Plante, a past member of the Silver Lake Neighborhood Council, has received more than 30 complaints over the past year from neighbors. These complaints include unfamiliar cars blocking driveways, late night parties on formerly quiet streets, and concerns about child safety in an environment with fewer familiar eyes on the street. As Plante noted in a recent *Los Angeles Times* story detailing the difficulties Silver Lake has had with AirBnB units, "It's supposed to be a spare room — not corporate interests taking over our neighborhood and turning everything into a virtual hotel."⁶⁶

In Venice there are an average of 360 AirBnB listings per square mile.

Who Can You Trust?

Public health and safety in hotels

Hotels are subject to numerous health, safety, and insurance requirements. The city has seen fit to regulate hotels differently than residential properties because they are different in fundamental ways. AirBnB allows hosts to utilize their spaces like hotels without being subject to any of the same regulatory checks to which actual hotels have adapted over the years.

According to the Los Angeles Municipal Code, hotels must, for example, keep detailed registries of all guests. These registries are often used in criminal investigations and to “regulate sketchy motels that can serve as magnets for crime.”⁶⁷ AirBnB hosts do not maintain such records. Such registries can also help public health officials in tracking the spread of infectious disease. By design, traditional hotels serve many more guests on a per unit basis than do typical rental apartments. This makes them more likely to act as vectors for infectious diseases and vermin like bed bugs, influenza and measles.

Hoteliers are aware of the risks and have instituted protocols to deal with these issues. Hyatt Hotels, for example, has instituted a chain-wide hypoallergenic rooms program that involves medical grade air filters and biannual intensive decontamination treatments.⁶⁸ Even budget brands like Best Western equip their housekeepers with ultraviolet wands and black lights to ensure each guest room is thoroughly cleaned after each guest checks out.

As tech writer Brendan Mulligan discovered, a lack of standardized cleanliness can throw a major wrench into a trip. Mulligan is a self-described “big fan” of AirBnB. Unfortunately, on a recent trip Mulligan was greeted by pillows and sheets which he described as “disgusting” and possibly “soaked in every bodily fluid imaginable.” Mulligan goes on to say of the risk involved when booking an AirBnB apartment, “There is no baseline of cleanliness, and no immediate options if it doesn’t suit your needs. If, when you check into a hotel room, you see a big

stain in the middle of the bed, you can ask to switch rooms, or at the very least to get new sheets. But when you check into an apartment in a foreign city, you don’t have that option.”⁶⁹

If AirBnB were to mandate higher standards for their hosts, their business model dictates that each individual host would bear the responsibility for sanitation. The company has made some efforts to connect hosts with local cleaning crews through a partnership with Handy, another shared economy company focused on residential cleaning.⁷⁰ Nowhere in Handy’s promotional material does the company, which outsources cleaning duty to an undefined pool of cleaners, mention the kind of intensive sanitization offered by major hotel chains.⁷¹ As discussed above, our data suggest some AirBnB units are being used with the same intensity and guest turnover as hotels, but without the benefit of cleanliness standards. Without such standards, infectious diseases may be transmitted more easily in AirBnB units. Without registries, public health officials may have a harder time halting their spread.



Some AirBnB units are being used with the same intensity and guest turnover as hotels, but without the benefit of cleanliness standards. Without such standards, infectious diseases may be transmitted more easily in AirBnB units.

ADA compliance and enforcement

As public accommodation spaces, hotels are subject to the Americans with Disabilities Act (ADA) compliance standards. Under ADA guidelines, any public accommodation with five or more rooms set aside for guests qualifies as a “place of lodging” and is subject to the accessibility requirements set forth in the ADA.⁷² ADA requirements for lodging places include accessibility retrofits to entry and exit points, grab bars in restrooms, and designated lodgings for individuals with disabilities. As of 2012, lodgings must also enumerate through their reservation systems the types of accessible features in each handicap accessible room.

AirBnB is aware of these requirements, but the company does not verify any of its hosts' claims of wheelchair accessibility. The company's Host Help Center summarizes a few salient points about the ADA and notes that hosts with five or more listings “may” need to comply with the ADA.⁷³ The company also points out that ADA requirements are not generally applicable to residences. Only AirBnB knows exactly which hosts have five or more units at a single address. The best approximation we can make is to examine the number of people an AirBnB listing can accommodate. There are 647 whole unit AirBnB listings in Los Angeles that accommodate five or more people. While these listings may exist in a regulatory grey area, commercial hosts who operate *de facto* hotels are very clearly operating “places of lodging” as defined by the ADA.

One such host owns a multifamily building in Hollywood. He operates this property as a hotel by using AirBnB to list out individual units that are not rented out by long-term tenants. His Cozmo property contains 32 multi-family units, a fluctuating number of which appear to be rented out via AirBnB.⁷⁴ These units are available for both long-term tenants through the traditional leasing process and to travelers through AirBnB. Were this a full time hotel property, it would clearly be subject to ADA requirements.



Figure 6: An AirBnB bathroom in a building with more than five units. There are no grab bars in this bathroom.



Figure 7: ADA compliant bathroom in a traditional hotel. Note grab bars and roll-in shower stall.

Cozmo units appear to be simultaneously residential and hotel uses. ADA compliant bathrooms in hotels, such as the one at a Hilton, shown in Figure 6, feature grab bars and showers that can accommodate a wheelchair.⁷⁵ Cozmo management posted the image in Figure 7 to illustrate the bathroom in one of their units that has been marked as “wheelchair accessible” though it does not appear any different from most residential bathrooms.⁷⁶

Under the ADA, hospitality reservation systems are required to give potential guests the option to reserve wheelchair accessible accommodations. Again, AirBnB’s inability to standardize its offerings may land guests who require wheelchair accessibility in some very inaccessible units. Take for example a listing in Hollywood which bills itself as “wheelchair accessible.” Perusing its attached photographs, one of which is shown in Figure 8, quickly turns up a picture of a steep staircase leading to the bedroom. There appear to be no additional accommodations in this listing that would allow a wheelchair bound guest to make his or her way up to the bedroom.

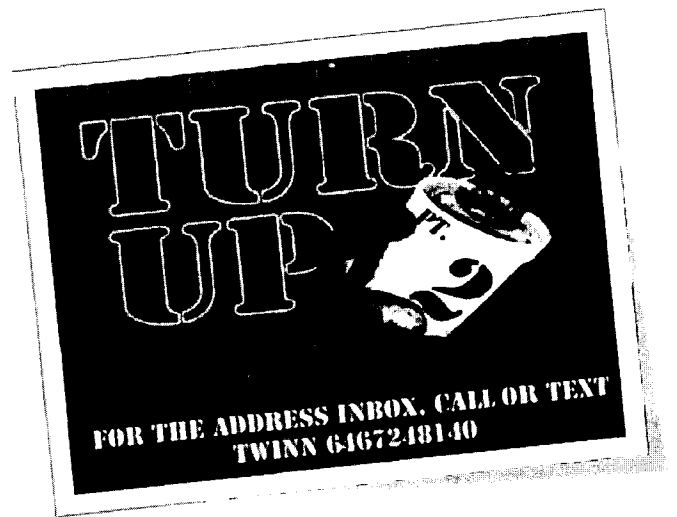


Figure 9: Flyer advertising a party in Ari Teman’s New York City apartment. Teman was not aware of this party.



Figure 8: A “wheelchair accessible” AirBnB unit in Hollywood.

Strained relations between AirBnB and its hosts

The assumption of trust between AirBnB hosts and guests is the lynchpin holding the AirBnB marketplace together. Every horror story detailing travelers blindsided by misleading AirBnB listings or plagued by bed bugs undermines this trust.⁷⁷ Misbehaving or destructive guests also shake the trust that hosts place in AirBnB. Hosts have faced illegal activity in their homes, theft of their belongings, or destruction of their property.⁷⁸

New York City AirBnB host Ari Teman's experience provides an instructive example of the risk hosts incur when they rent out their homes. Teman agreed to rent out his space because the prospective guest "had a verified account and he seemed legit... he had three positive reviews." Teman alleges the individual to whom he rented his home was in fact a party promoter who never had any intention of using the space as a last minute accommodation for his in-laws as he had initially claimed. A Google search of his guest's phone number turned up the promotional flyer, shown in Figure 9. When Teman returned to his condominium, he discovered a "huge posse of large men and women... looking like they got tossed from a club, hanging out in front" of his condo.⁷⁹ When he entered his home, Teman described the scene that greeted him as "a group of nearly nude, overweight people" engaged in what the *New York Post* dubbed an "overweight orgy." After the story broke into the media, AirBnB paid Teman \$23,000 to cover the damage resulting from "Pantie Raid."⁸⁰

Ari Teman's story is admittedly salacious, but for every "orgy" there are undoubtedly countless stories of burned rugs, broken lamps, and stolen items. If these stories were to emerge and paint an uncharitable portrait of the company, it could dim AirBnB's ability to attract venture capital or issue its IPO.

Against this backdrop, AirBnB hired Joie de Vivre Hotels founder Chip Conley as its Head of Global Hospitality. Under Conley, Joie de Vivre arose as



Figure 10: An image of a bedbug accompanying Rachelle Bergstein's Yahoo Travel piece (Source: Getty Images).

a key player in the boutique hotel segment by redeveloping underused historic buildings in urban cores into high end boutique hotels. In a sense, the Joie de Vivre brand is a spiritual predecessor to AirBnB. Rather than focus on the utilitarian daily needs of travelers, both Joie de Vivre and AirBnB attempt to entice travelers with the promise of a unique hospitality experience.⁸¹

One of Conley's key goals at AirBnB is to professionalize the company's hosts.⁸² These initiatives currently include professional photographers for AirBnB listings and referral to housekeeping services to ensure a uniformly tidy experience for AirBnB guests.⁸³

Assumption of risk and liability

AirBnB claims it is not at legal risk in the same way as its hosts and guests. This is because the company treats its hosts as independent contractors.⁸⁴ As such its legal position has been that it cannot be held liable for the actions of its independent contractors or their guests.⁸⁵ In high profile cases, like the "Pantie Raid" party described above, the company has settled out of court rather than face prolonged media scrutiny.

Risk is not distributed equally throughout AirBnB’s reservation process. Taking on the highest level of risk are AirBnB’s hosts who must contend with the uncertainty inherent in opening their homes to strangers, while also risking the ire of landlords, neighbors, and city regulators. Hosts may also be held liable for injuries suffered by guests during their stay and any property damage that may result from unruly guests. Guests take on the risk of paying someone they do not know upfront for an accommodation that may or may not live up to the listing description.

Rachelle Bergstein, a travel writer for *Yahoo! News*, experienced the pitfalls of AirBnB travel first-hand. Bergstein booked from a host with “terrific reviews.” Unfortunately, this host also had bedbugs. The morning after their first night in the “charming” Silver Lake studio, Bergstein and her husband discovered a bedbug the size of an “apple seed”

crawling across their duvet cover (See Figure 10).

As it turns out, the host Bergstein rented from was in fact “not the owner, or even a tenant... [h]e was a listing agent” who pointed Bergstein to the part of the AirBnB Terms of Service that reminded guests that bookings are “made at the guest’s own risk.” While Bergstein’s host ultimately relented in offering her a refund, she was dismayed to find that receiving a refund meant that she could not leave a review warning other guests of the unit’s bedbug problem. She reminds travelers in the review of her AirBnB experience that price should not be the only criterion when selecting a place to stay. As Bergstein noted “AirBnB might have the advantage over hotels when it comes to price and charm, [but] a midrange chain hotel is clearly a better choice if you care about quality control.” Bergstein is not likely to give AirBnB another chance until “guests are assured of a corporate guarantee, too.”⁸⁶

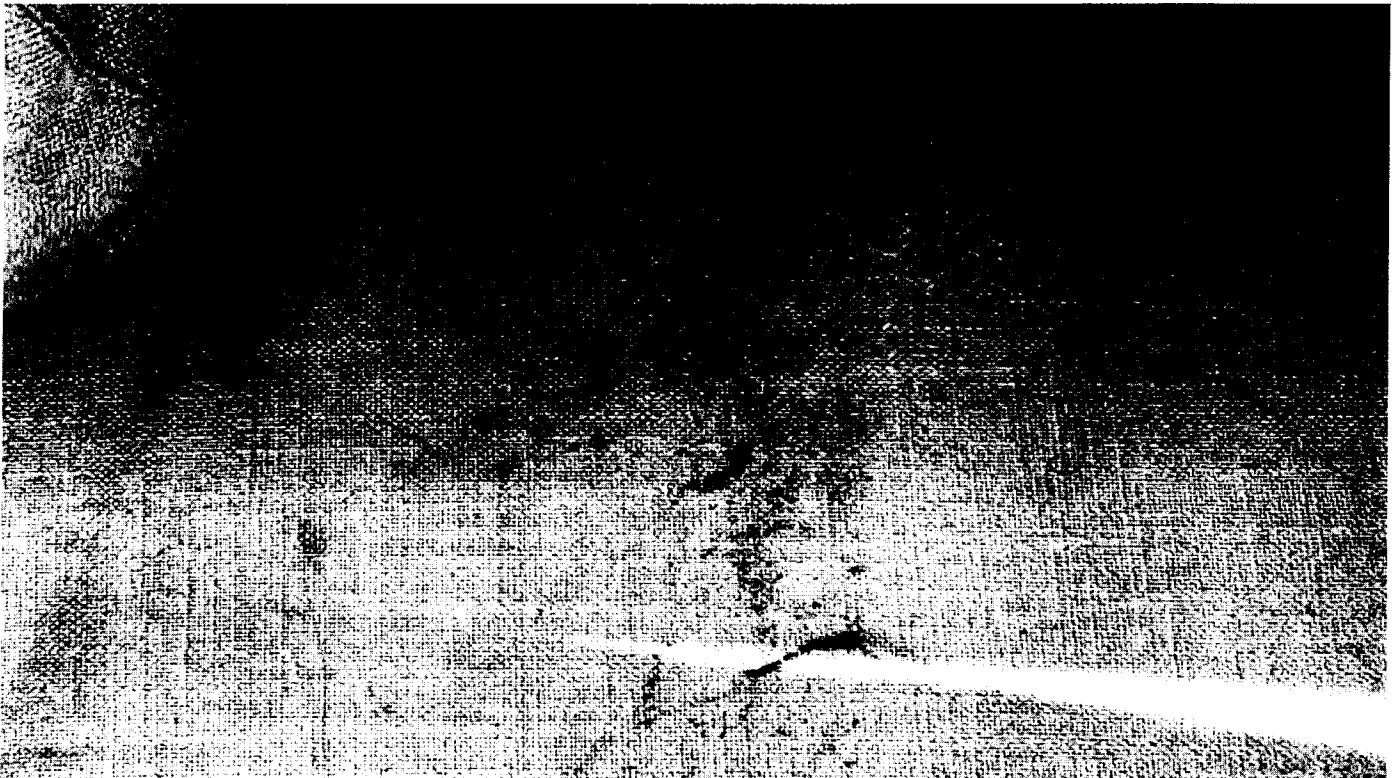


Figure 11: Rachel Bassini discovered feces smeared on her couch after she rented out her space on AirBnB.



Figure 12: Rachel Bassini’s bathroom after she rented out her space on AirBnB.

Host Guarantee and Peers’ homesharing liability insurance

AirBnB does offer its hosts a guarantee that it will cover up to \$1 million in “Covered Losses” as defined by the company.⁸⁷ However, this guarantee only covers property damage and not major areas of homeowner liability such as personal injury suffered by a guest. Moreover, a homeowner’s existing insurance may not cover any such liability as the homeowner is engaged in a commercial enterprise.⁸⁸ This is a significant point because the fine print of AirBnB’s Host Guarantee specifies that it will only cover losses once hosts have exhausted other coverage and only if hosts file claims with AirBnB within a specified window. Hosts are expected to wrangle with their own insurance companies, and with the guests who have damaged their home before AirBnB will even consider paying out on the Host Guarantee.⁸⁹

In some cases, AirBnB has refused to abide by its own Host Guarantee, even where damage to a host’s property was clearly the result of guest misbehavior. When Rachel Bassini returned to her home after renting it out through AirBnB, she discovered “feces covering the bathroom and couch, used condoms all over the bedroom, and chewed gum on the floors, walls, and couches.” Some of the photographs of the

damage to Bassini’s home are pictured in Figures 11 and 12. When Bassini attempted to collect on the promise made by the Host Guarantee, an AirBnB representative told her that “the Host Guarantee only cover[s] structural damage, not contents.” Fearing that she had no further recourse, Bassini attempted to recover damages from her guest, but his AirBnB account had been suspended. AirBnB again denied Bassini’s claim because she failed to file a report within 72 hours. The Company issued her a \$100 credit and deemed the matter closed. However, AirBnB reversed its decision after media inquiries and agreed to cover the cost to repair Bassini’s home, so long as she “submits the proper paperwork.”⁹⁰

In January 2015, Peers, the lobbying group founded by AirBnB marketing executive Doug Atkin, began offering “Homesharing Liability Insurance.” There is a monthly fee of \$36 for this insurance, which will cover personal injury and other claims up to \$2 million for Peers members. However, this insurance does not cover claims related to bedbugs — a key risk associated with accommodating the traveling public. Nor does the policy cover bodily injury arising from violations of the Americans with Disabilities Act or “federal, state, local or common law regulating fire or life safety.”⁹¹ This policy has only been available for a short time, and it remains to be seen how it will be applied to claims made by hosts who are in violation of their lease agreements and local zoning codes and regulations.

The Promise of Tax Revenue

Our best estimates show that AirBnB's Los Angeles County listings generated \$80 million in revenue during 2014, of which approximately \$58 million was earned within the City of Los Angeles.⁹² The City of Los Angeles collects a 14 percent Transient Occupancy Tax (TOT) on a monthly basis from all hotel operators in the city limits, yielding a tax obligation of \$8.1 million for AirBnB's City of Los Angeles hosts. This tax is meant to be assessed on travelers who rent a room from a hotel, motel, or inn.⁹³

As we explore below, AirBnB often approaches cities with the promise of remitting a monthly fee equal to the TOT in exchange for the passage of regulations that legitimize their business model. The rationale behind this offer is that cities will be adding new revenue to municipal coffers. However, this revenue is mostly reallocated from hotels which would have remitted these taxes anyway.

In AirBnB's economic analysis, released in December 2014, the company asserts that 37 percent of its guests would not have visited Los Angeles or would not have stayed as long as they did were it not for AirBnB. Assuming AirBnB's numbers are true, a minimum of 63 percent of the revenue generated by its listings was reallocated from hotels and is not new. If AirBnB had no listings in Los Angeles, these guests would have stayed in Los Angeles hotels, supported good jobs for Angelenos, and had a negligible impact on the city's neighborhoods, all while paying taxes.

Because AirBnB merged the "would not have visited Los Angeles" and "would not have stayed as long" categories, it is not clear how these 37 percent of travelers are distributed. If we assume an even split, then the number of travelers who would have come to Los Angeles regardless of AirBnB's listings rises to 81.5 percent. This means Los Angeles would have received between \$5.1 million and \$6.6 million in TOT from hotel stays were it not for AirBnB. In this scenario AirBnB only offers \$1.4 million in new TOT that would not have otherwise

been collected by hotels. This figure is equal to about 45 percent of the wages lost by AirBnB's domestic cleaners each year because they are not paid the same wages as housekeepers in the hotel industry doing the same work.

AirBnB's study also claimed the company's activities were responsible for \$312 million in economic activity and the "support" of 26,000 jobs. As with the tax revenue, we estimate that 81.5 percent of these benefits were merely shifted from one place to another, from hotels to AirBnB. In fact, since visitors who stay in hotels spend more than those who stay in homes, the net effect of staying in AirBnB instead of a hotel is a negative one, and that may well outweigh any additional travel days.

Beyond that, there are negative externalities which also go unconsidered in the limited economic impact data that AirBnB released in December 2014. For example, the UCLA Anderson School of Business study found that the high cost of housing has generated a statistically significant drag on job creation in Los Angeles. Fewer rental units, a drag on job creation, a reduction in tax revenues and a qualitative assessment of AirBnB's effects

If AirBnB had no listings in Los Angeles, guests would have stayed in Los Angeles hotels, supported good jobs for Angelenos, and had a negligible impact on the city's neighborhoods, all while paying taxes.

in neighborhoods are key elements that must be considered before a accurate judgment of the company's impact can be rendered.

Fewer rental units, a drag on job creation, a reduction in tax revenues and a qualitative assessment of AirBnB's effects in neighborhoods must be considered before a true judgment of the company's impact can be rendered.

neighborhoods that are not typically beneficiaries of that spending. However, data derived from the company's public listings do not support this claim.

The top ten AirBnB sub markets in Los Angeles are listed in Table 2, with the number of whole units and a revenue estimate.

These ten neighborhoods account for more than 50 percent of AirBnB listings as well as nearly 70 percent of AirBnB revenue generated in the Los Angeles area. Taken together, these neighborhoods encompass the heart of the L.A. tourist economy. A May 2014 Los Angeles Chamber of Commerce analysis found the Venice/ Santa Monica/ Marina del Rey area is Southern California's second most popular tourist destination, behind Disneyland. Hollywood, West Hollywood and Downtown Los Angeles are also singled out as key tourist-attracting districts.⁹⁴ Nestled between Hollywood and Downtown Los Angeles, Silver Lake and Echo Park contain many of the city's top rated bars and restaurants.⁹⁵ AirBnB is competing with traditional hotels for tourist dollars in the city's most popular tourist serving areas.⁹⁶

AirBnB revenue is clustered in established tourist districts

In Los Angeles, AirBnB revenue generation is clustered in key tourist districts. AirBnB claims its service helps drive tourist spending to

Table 2

AirBnB's Top 10 Revenue Generating Neighborhoods

Neighborhood	Whole Units	Total Units	Whole Unit Percent of Units	Whole Unit Revenue	Total Revenue	Whole Unit % of Rev.
Venice	882	1,137	78%	\$11,787,842	\$13,474,974	87%
Santa Monica	538	773	70%	\$8,077,411	\$9,315,075	87%
Hollywood	646	980	66%	\$5,544,207	\$6,747,061	82%
Downtown LA	220	272	81%	\$5,885,101	\$6,038,738	97%
Mid-Wilshire	514	848	61%	\$4,079,629	\$5,021,018	81%
West Hollywood	455	619	74%	\$3,666,100	\$4,181,391	88%
Hollywood Hills	315	452	70%	\$3,541,258	\$3,956,867	89%
Silver Lake	268	361	74%	\$2,681,351	\$3,043,461	88%
Echo Park	230	325	71%	\$2,427,196	\$2,639,005	92%
Marina Del Rey	136	172	79%	\$1,582,497	\$1,677,048	94%
Total	4,206	5,942	71%	\$48,273,023	\$56,094,638	88%

Policy and Regulatory Intervention

AirBnB's financial future will be determined in large part by the company's ability to convince municipal authorities to grant the company legitimacy by establishing a regulatory framework around the company's operations. When we examine the experiences that city regulators have had with AirBnB three themes emerge:

1. AirBnB will offer to remit fees equivalent to local tax rates to cities in exchange for legalization. These fees are not negotiated into any public code, but instead are determined by a contract negotiated between the company and cities in private. AirBnB will not share information allowing cities to verify the accuracy of the payments.⁹⁷
2. As evidenced in Portland, Oregon, AirBnB's flagship "Shared City," AirBnB will not participate in the enforcement of the model legislation it provided to the City, nor will the company monitor its listings for compliance.⁹⁸
3. The majority of AirBnB hosts will not comply with any licensing or permitting systems.⁹⁹ AirBnB will not modify its listings to require hosts to display their permit numbers, nor will it voluntarily turn over the addresses of unlicensed hosts to regulatory agencies. This refusal extends to providing addresses so that cities can conduct basic safety inspections to ensure the health and well being of AirBnB's own community of hosts and guests.¹⁰⁰

In the section that follows, we review the policy experience in several cities, and use the lessons from those cities to begin formulating criteria through which one can assess any potential AirBnB regulations.

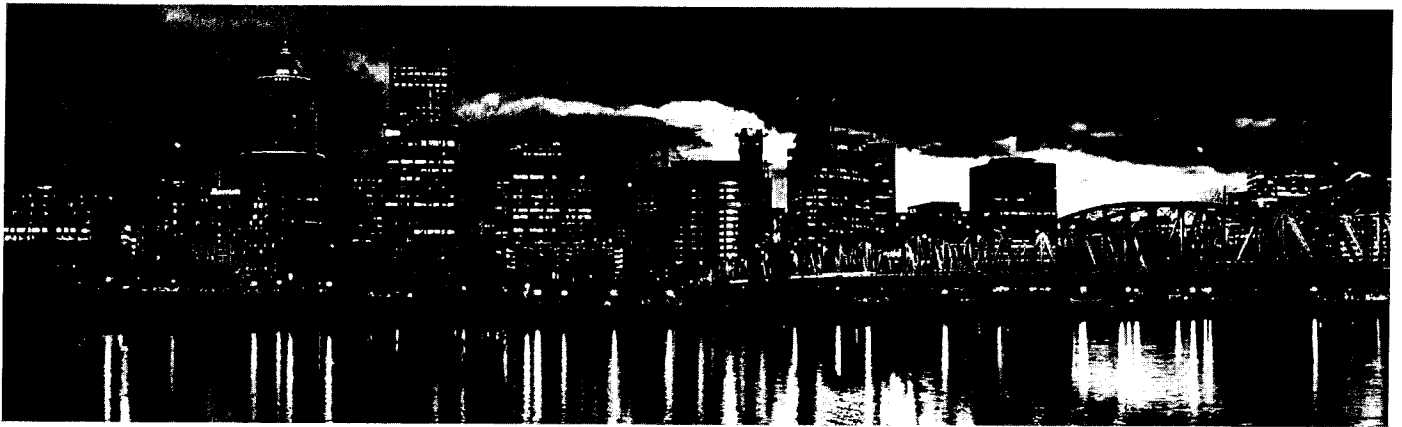
Before beginning that review, however, we want to raise a critical question about the basic proposal being offered by AirBnB—payment of significant funds in exchange for rules legalizing AirBnB's operations. This system has gone into effect in two cities, Portland and San Francisco.

According to a January 2015 *Washington Post* story, between July 1 and December 30 2014, AirBnB has turned over approximately \$5 million in hotel fees to Portland and San Francisco.¹⁰¹ The combined unit count of these two cities—7,600—is less than the approximately 8,300 units within Los Angeles city limits. Moreover, tax rates in Portland are three percentage points lower than in Los Angeles. Yet, in just six months, AirBnB has turned over to the two cities 62 percent of what we estimate it would owe in Los Angeles for whole year—a larger market with higher tax rates.

We may be severely undercounting AirBnB's Los Angeles revenues and tax obligation. If so, that would explain this discrepancy. However, this does not seem likely, given that we found twice as many hosts as AirBnB reported, and our estimates are based in part on the results of a subpoena by the New York Attorney General. If our estimates are correct, an alternative concern must be raised. By agreeing to a privately negotiated agreement with Portland and San Francisco, AirBnB may be paying more than it is required to pay in taxes. Many have rightly raised questions about how cities ensure they get all they deserve without proper monitoring. But the high payments here suggest an alternative danger—a company like AirBnB could overestimate the dollars involved to incentivize the city to adopt the laws the company wants.

Portland, Oregon

With much fanfare, AirBnB designated Portland its first "Shared City." This meant that the company and the city had determined to work together to create a regulatory framework that would allow the city to collect hotel taxes in exchange for creating a new category of housing in its planning code—the "Accessory Short Term Rental (ASTR)."¹⁰² The City of Portland decided to divide its ASTR regulation into two separate pieces of legislation. The first piece covered AirBnB units in single-family homes, followed by a second ordinance governing AirBnB units in multi-family housing.



Both pieces of legislation relied on the same basic framework. If hosts complied with the application requirements, they would be granted an ASTR permit. This permit was to be displayed inside the ASTR unit and the permit number was required to be posted on all listings advertising the space. To receive this permit, hosts were obliged to pay a nominal fee, notify their neighbors (or landlords) of their intentions to rent their space and submit to an inspection to verify installation of smoke and carbon monoxide detectors. The policy also limited the number of days that a homeowner could rent a space in his home up to 95 days per year.¹⁰³

Portland's ASTR policy was passed as an amendment to the City's zoning code. These ordinances remain silent on the issue of hotel taxes. Instead the City's Revenue Bureau negotiated a separate, private agreement to address specific issues around hotel tax collection. A redacted version of this agreement was only made public pursuant to a public records request made by reporter Elliot Njus at *The Oregonian* newspaper.¹⁰⁴ While AirBnB repeatedly denied it was a hotel operator in the agreement, the company was asking for the city to treat it "as though [it] were a single 1,600 room hotel."¹⁰⁵

Further complicating matters is the fact that a miniscule proportion of Portland's AirBnB hosts have sought legitimization and taxation— the Portland Revenue Bureau estimates that 93 percent

of all hosts have not obtained the necessary permits, had their units inspected for building and safety compliance, or notified their neighbors of their intent to operate a short-term rental.¹⁰⁶ Without any way to regularly identify individual hosts, the City of Portland Revenue Bureau had no way to monitor how the monies it was receiving did or did not relate to the overnight stays of visitors in AirBnB lodgings.

As Portland moved towards legalizing AirBnB rentals in multi-family units these issues became key political sticking points in negotiations. Portland Commissioner Nick Fish took the lead in pressing AirBnB to release host addresses to the city. At a late December 2014 hearing, the Regional Head of Public Policy for AirBnB, David Owen, argued against releasing such data on the grounds that it would constitute a violation of hosts' privacy rights. This argument did not pass muster with Commissioner Fish. As he put it:

We are not asking for people's confidential information. We are asking for an address of a home-based business, and under your view because that has an internet component that raises privacy concerns that are different than motels and hotels. We invoke the internet and we claim an exemption from all the other laws and rules of society. We welcomed you to Portland, but we have to make sure that the guests in one of your hosts' places—and you do not inspect

your hosts' places—we have to make sure that guest is safe, and the only way that we can do it is to have an address. If we don't have an enforcement mechanism that works why on earth would we give you the green light to do something that we can't reasonably enforce?¹⁰⁷

The City did ultimately “green light” the ASTR program to include multi-family units. However, the city also passed legislation to address Fish’s concerns. In exchange for granting legitimacy to the majority of AirBnB’s Portland listings, companies like AirBnB must now submit contact information for all hosts for any regulatory or tax purpose to the Revenue Bureau, as well as prominently display the host’s permit number on all listings.¹⁰⁸

How well this will work is not clear. At a public hearing on this policy AirBnB’s David Owen refused to commit to following Portland’s new regulations if they included disclosure requirements for hosts.¹⁰⁹ The rules, as currently written, do not create any direct liability for AirBnB so long as they continue to pay money to the city.

San Francisco, California

Passage of San Francisco’s AirBnB regulations was rendered no less contentious by the fact that the city is AirBnB’s birthplace. As has been widely noted, San Francisco has undergone dramatic rent increases in recent years. These increases have been exacerbated by the limited supply of housing in the city. Not surprisingly then, the process to pass an ordinance pitted housing advocates against AirBnB as both sought to influence the San Francisco Board of Supervisors. Housing advocates pressed for a requirement that AirBnB pay some \$25 million in back taxes.¹¹⁰ They also wanted a ban on AirBnB units in rent-controlled buildings and a prohibition against renting units that have been vacated under the Ellis Act. None of these amendments were included in the final legislation, although some San Francisco Supervisors vowed to pursue these items as stand-alone legislation.¹¹¹

Passed in 2014, the San Francisco policy caps the number of days that a whole unit can be rented out at 90 per year. Although monitoring bookings for compliance with this provision would be very simple for AirBnB, the company has refused to assist the city in enforcement. Out of approximately 5,000 hosts, as of February 15, 2015, only 130 had set appointments with the Planning Department to obtain their permits, drawing further comparisons to Portland’s experience.¹¹²

Building in new enforcement mechanisms now seems necessary to some previous AirBnB supporters. San Francisco Supervisor Jane Kim voted for the original ordinance but is now working to pass a supplemental ordinance that would allow nonprofit organizations to sue to enforce the short term rental law. She believes the first ordinance does not “have enough teeth” to ensure effective enforcement.¹¹³ Meanwhile, a coalition of affordable housing and community organizations known as Share Better S.F. has begun the process of collecting signatures to place an initiative on



the next municipal ballot that would implement far stricter regulations on AiBnB rentals in the City.¹¹⁴

New York City, New York

New York City has taken a more hardline approach to regulating AirBnB than either San Francisco or Portland. Under New York State law, residential rentals shorter than 30 days are considered illegal. New York City has taken the lead in halting AirBnB’s expansion through rigorous enforcement of this law, while New York State Attorney General Eric Schneiderman has served the company with subpoenas to get exact addresses and revenues generated by AirBnB listings. As a result of these subpoenas, the Attorney General’s office found that more than 72 percent of AirBnB’s New York City revenue was generated by illegal listings. The Attorney General’s report also found that commercial hosts dominated the New York City AirBnB market.

Share Better New York, a coalition of affordable housing, community, and labor organizations has been pressing New York City to address the proliferation of illegal hotels as part of a broader



New York City residents rally against AirBnB ahead of a January 20, 2015 New York City Council hearing.

strategy to maintain rental affordability in the notoriously pricy city. The City Council has pressed for increased transparency and accountability from AirBnB. During the course of an eight hour hearing to determine what impacts AirBnB has had on New York’s housing stock, it was found that AirBnB *could* force hosts to comply with state law, but the company has refused to do so. Upon pointed questioning from City Councilmembers, AirBnB Head of Public Affairs David Hantman admitted not having done any research to determine which listings



New York City Councilwoman Helen Rosenthal addressed a crowd of affordable housing advocates as they rallied against “illegal hotels” ahead of an eight-hour hearing on the sharing economy at the New York City Council (Photo: Capital New York).

are illegal. This answer failed to satisfy New York City Councilman Jumaane Williams. “Wouldn’t that be something a responsible company would do if they wanted to keep doing business in New York City?” Williams asked.

The company’s refusal to assist with enforcement in Portland, San Francisco and New York City seems to have more to do with ideology than with technical capacity. As expressed by the company’s Head of Public Affairs, David Hantman, AirBnB believes “very strongly that you should be allowed to rent out your own home whenever you want.”

The marathon hearing also found that complaint-based enforcement does not effectively curtail the proliferation of illegal AirBnB listings. In the last year, the Mayor’s Office of Special Enforcement received nearly 1,150 complaints leading to nearly 900 inspections. However, a recent survey has shown the overall number of AirBnB listings in New York City has not changed since aggressive enforcement began.¹¹⁵

Southern California Cities

In the greater Los Angeles area, the cities of Malibu and West Hollywood have begun the process of regulating AirBnB-type rentals within their city limits.

The city of West Hollywood, under the direction of the City Manager, created the Shared Economy Task Force to study home and ride sharing in West Hollywood. The Task Force recommended that the West Hollywood City Council draft legislation to amend the zoning code to define “short term rentals” and reiterate that these types of rentals are illegal in West Hollywood. The West Hollywood City Council is now considering the matter.¹¹⁶

In May 2014, Malibu’s City Council voted to authorize officials to issue subpoenas to gather accurate information on the scope of short term rentals. These types of rentals are legal under the Malibu zoning code, but must be registered with the city and remit hotel taxes. To date, only 50 Malibu properties have complied with these regulations, although the City noted there are more than 400 listings on various short term rental sites.¹¹⁷

Los Angeles City Council has also begun the process of assessing AirBnB’s effects on the city. The Council has convened a Shared Economy Working Group to assess the best practices in regulating the shared economy in the residential sector.¹¹⁸



Principles for Regulating AirBnB

As we have seen, cities are clearly grappling with how best to regulate AirBnB. While cities have employed a variety of strategies to control AirBnB's proliferation, no municipality has been able to effectively limit the growth and negative effects of the large-scale conversion of residential units into tourist accommodations. What may have been considered "best practices" a year ago, today seem rushed and nearly unenforceable. Given the shifting policy landscape, it may be worthwhile to establish an evaluative framework that can be applied to any proposed short-term rental policy.

Housing must be protected

Los Angeles has faced a severe shortfall in housing units, leading to low vacancy rates and rapidly increasing rents. AirBnB's highest density is in the neighborhoods where these dynamics have been especially pronounced. Any policy should have protecting housing units as a top priority.

Systematic approval requirements

Neighborhood cohesion is vital to preserving quality of life and safety in Los Angeles communities. One neighbor's decision to list her unit on AirBnB can have wide-ranging negative effects. As with any land use change that has a potentially negative effect on a community, neighbors in the vicinity of a prospective AirBnB unit should receive advance notification of the potential AirBnB listing and be granted an opportunity to object to this conversion. Based on public input, the city should have the opportunity to approve, reject or impose conditions on a proposed AirBnB conversion. In this way, AirBnB's impacts on neighborhoods can be mitigated and provisions for clear disclosure guidelines and dispute resolution procedures can be established. Los Angeles should also protect renters by requiring permission from landlords before a rental unit can be placed on AirBnB.

AirBnB must share the burden of enforcement

Cities have not been able to effectively regulate AirBnB. Without the company's cooperation, cities must pay the costs associated with investigation and enforcement of existing zoning codes. Even when AirBnB has seen its preferred legislation pass, the company has refused to participate in policing listings. As we have seen in New York City, enforcement strategies focused only on hosts but not on the company facilitating potentially illegal activity, will fall short.

Only true sharing should be allowed

The majority of AirBnB's Los Angeles hosts are on-site. Because they are present to monitor their guests' behavior, and because these types of AirBnB listings do not remove units from the Los Angeles housing market, they create fewer negative externalities than other types of AirBnB listings. Protecting these types of listings while curtailing off-site and commercial hosts represents a smart approach to balancing the needs of Los Angeles communities with the desire of some residents to rent out space in their homes while they are present.

Appendix A: Revenue Calculation

Our analysis shows that there were more than 114,000 reviews left on AirBnB listings. The number of reviews attached to each listing is the best approximation of the number of visitors that a given AirBnB unit has accommodated. Since travelers can only leave a review on a listing after they have completed their stay, every review indicates a confirmed stay. However, not every guest leaves a review after her stay, so our estimates are likely to undercount the volume of guests served by each unit.

The number of reviews also allows us to approximate the revenue generated by each unit listed on AirBnB. By multiplying the number of reviews, the minimum stay, and the listed price, we have been able to estimate the minimum total revenue generated for each individual unit in our dataset. This formula yielded our initial revenue estimate of \$37,726,492 in Los Angeles for 2014.

We applied the same formula to data we pulled down from New York City's public AirBnB listings to yield a revenue estimate of \$121,219,400. We also compared our estimated revenue to the actual value calculated by the New York Attorney General's AirBnB analysis. The Attorney General's report on AirBnB calculated AirBnB's 2014 New York City revenue based on booking information the company turned over after being served with subpoenas. The Attorney General's office showed AirBnB generated revenue of \$282 million in 2014. Using this data point, we created a ratio to determine the relationship between our revenue estimates and actual revenue. We therefore concluded that our Los Angeles revenue was undercounted by a similar rate and revised our estimates upward. This formula also allows us to understand which hosts have failed to generate any revenue at all. We define the failure rate in this instance as the percentage of hosts who have not made any money by listing their space or spaces on AirBnB.

Appendix B: Occupancy Rates

Occupancy rates for AirBnB listings are calculated by first multiplying the number of reviews by the average minimum stay for all listings. Following the procedure described in Appendix A, we then create a conversion factor based on the New York Attorney General's bookings data. Our New York City dataset showed a total of 239,950 reviews had been left on New York's AirBnB listings. We know from the booking data that there were 497,322 AirBnB stays booked through AirBnB. We then applied this ratio to our own review data to obtain a more accurate estimate of the number of stays at a given AirBnB unit. Hosts list the year that they joined AirBnB, which allows us to then compare the number of stays to the number of days that the host has been active to generate an estimate of an individual unit's occupancy rate.

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Alexander, Jacquelyne

From: Mohammed Abdulla <miabdulla@me.com>
Sent: Thursday, May 25, 2017 4:02 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: STR support

Dear County Supervisors:

As an avid and enthusiastic visitor to Santa Barbara county, several times a year in fact, and a member of local wine clubs, I truly believe that the recent regulations - both passed and under consideration - intended to limit use by and travel by tourists to the area to be troublesome. While I sympathize with some local residents who are concerned with the increased traffic and perhaps degradation of resources, the fact remains that many of these locals are in fact people of great wealth who have purchased vacation homes in the area because they fell in love with the region as tourists.

I for one would be severely impacted by any limits on Short Term Rentals and welcome the Board's measured and wise consideration of all issues before passing regulations that would impact mine, and other tourists' ability to truly enjoy the region for what it is. The fact is that many of us will never be able to afford purchasing property in the Santa Barbara county area as a second home (or even a primary residence). California is a land of many bounties and Santa Barbara county is one of the many gems that California has to offer, especially for those in Los Angeles and South. I have used STR on a few occasions to enjoy the atmosphere and sheer physical beauty of the locale. There are simply not enough lodging options for families, or multiple families to enjoy being together in such wonderful atmosphere.

In addition, having traveled to many of the world's great wine regions, Santa Barbara county risks losing out on beneficial revenue that comes with attracting tourists who would enjoy the wines and food of the region, even spending good money to do so. Santa Barbara county should be doing more to welcome this revenue as the current economy is moving towards more localization of raising revenues. The economic trends of the current administration seem to be moving towards decreasing tax revenue across the board and California as a whole will have to do all it can to raise revenue from many sources.

Lastly, the wines of Santa Barbara county are some of the world's finest in my opinion and deserve to be highlighted and widely known to wine drinkers. While no one (except the members of the parties) likes big busses of drunk bachelors and bachelorettes clogging up tasting rooms and the beautiful back roads of Santa Ynez and Los Olivos, there are ways to regulate around such situations besides limiting STR.

Agritourism is a wonderful tourist option that should be made available to all tourists interested and would benefit the entire region. Don't close off the region to those lucky enough to be born there or fortunate enough to afford purchasing second homes in the area. Allow others to enjoy the region and create benefit for all involved.

Regards,

Mohammed Abdulla
Hopeful Santa Barbara County Resident

Alexander, Jacquelyne

From: Robert Pearson <robgrantpearson@gmail.com>
Sent: Thursday, May 25, 2017 12:56 PM
To: sbcob
Subject: Short Term Vacation Rentals and Stories on How They and Airbnb are Destroying Communities Around the Globe

The Honorable Members of the Board of Supervisors:

Before you take action on June 6th, 2017, on an ordinance governing short term vacation rentals, kindly read the following articles. When housing supply is tight in markets like Santa Barbara's, it is downright crazy to watch housing be commercialized in this manner. It leads to more long term, worker rental housing stock being lost to tourist occupancy and second home purchases by the wealthy. Our county does not have the housing to spare to allow it to be commercialized in this manner. Please study your Housing Element and your many other planning documents and truly appreciate how allowing short term vacation rentals over long term tenancies/occupancy, is **NOT SOUND COMMUNITY PLANNING**.

<http://rew-online.com/2017/05/24/airbnb-one-act-tragedy-lentol/>

<http://www.nbclosangeles.com/investigations/Airbnb-Housing-Rental-Investigation-424091834.html>

Thank you for the opportunity to comment.

Rob Pearson
868 Via Granada
Santa Barbara, CA 93103

robgrantpearson@gmail.com

Alexander, Jacquelyne

From: Robert Pearson <robgrantpearson@gmail.com>
Sent: Thursday, May 25, 2017 12:55 PM
To: sbcob
Subject: Fwd: Stories on Airbnb--BOS Hearing on 6/6/17
Attachments: STR Airbnb Article - Hotel Group Assails Airbnb Model.pdf; ATT00001.txt

> The Honorable Board of Supervisors:

>

TECHNOLOGY

WSJ.com/Tech

Hotel Group Assails Airbnb Model

By CHRES KIRKHAM
AND GREG BENNINGER

In its quest to prove Airbnb Inc. is more than a casual home-sharing service, the hotel industry issued a stinging analysis of the website that casts the company more like a professional short-term rental operation.

The report released Thursday found that Airbnb hosts who rent out two or more properties in a single month represent the fastest-growing segment of the company's revenue in the U.S. The analysis, conducted by real-estate firm CBRE and funded by the American Hotel and Lodging Association, an industry trade group, analyzed two years of Airbnb listings and revenue generated across the U.S.

The researchers found that revenue from hosts who operated two or more entire properties on the platform in 2016 nearly tripled from a year earlier, growing to more than \$1.8 billion from about \$611 million. Those multiunit hosts accounted for nearly a third of all U.S. revenue on Airbnb during a one-year period from October 2015 through September 2016, according to the analysis, up from about 25% a year earlier.

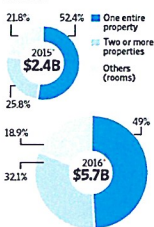
The findings come as cities around the world have battled with the short-term rental website, arguing Airbnb provides a platform for illegal hotel operators. Clashes in many cities have centered on the growing number of units that are operated year-round as nightly rentals, often run by investors or sophisticated property managers.

The hotel industry has been at the forefront of lobbying for stricter regulations on Airbnb that it says are needed to put the service on a level playing field with traditional hotels. Airbnb has launched a lobbying offensive of its own in recent years aimed at fighting new regulations or seeking compromises that allow the company

Home Rentals

A hotel industry-backed study shows much of the revenue generated on Airbnb comes from hosts renting out entire properties.

Revenue by rental type, in billions



*For the 12 months ending in September.
Source: CBRE, Airbnb
THE WALL STREET JOURNAL.

to continue operating.

Airbnb often says its service is ideal for middle-class families looking to make ends meet by renting a spare room or their homes for a weekend here or there. But the researchers at CBRE said their analysis runs counter to that assertion.

"Airbnb has been saying they don't really want that group to be the main driver of their growth, that they want it to be people sharing their own homes," said Jamie Lane, a senior economist with CBRE Hotels research. "But the data clearly shows the opposite trend: that operators and hosts are taking a more commercial approach."

Airbnb spokesman Nick Pappas called the study a "misleading, inaccurate report" that was "bought and paid for by the big hotels." He called the effort "the latest example of the industry's willingness to say and do anything to protect their record profits, preserve their ability

New Funding Values Firm at \$31 Billion

Infusion of \$1 billion gives Airbnb more time to remain as a private company

Airbnb Inc. has closed its new funding round at \$1 billion that values the home-rental site at \$31 billion, according to a person familiar with the matter, giving it an ample cash cushion to hold off on an initial public offering.

Google Capital and Technology Crossover Ventures led the round, which included investments from existing shareholders Andreessen Horowitz and Sequoia Capital. Airbnb has raised over \$3 billion since it was founded in San Francisco in 2008.

The funding amount, not the valuation, was disclosed in

an Airbnb regulatory filing on Thursday. The Wall Street Journal reported last September that Airbnb had expected to raise \$850 million in this round.

The person familiar with the matter said the firm has no immediate plans to seek an IPO even after Snap Inc.'s offering last week. Airbnb achieved profitability based on earnings before interest, tax, depreciation and amortization in last year's second half, according to the person.

Airbnb has recently broadened its appeal with new initiatives such as a service allowing travelers to pay for experiences like knitting classes and guided tours.

Airbnb has indicated it wants to become something closer to a full-service travel site, with airline travel, car rentals and other services.

—Greg Benninger

to price gouge consumers and squash their competition."

Mr. Pappas also questioned the study's methodology, pointing to what he said were problems in how it defined metropolitan areas, as well as data on how frequently given listings are booked, which is proprietary. He said the report also failed to account for hoteliers that use the platform to advertise rooms, which he said would add thousands of listings.

Mr. Lane said CBRE's report did not define operators based on how frequently their listings are booked. Rather, he said the report looked at only whether operators were renting out two or more entire homes, and analyzed data indicating whether a unit was booked or empty on any given night.

He added that most hotel rooms advertised on the site would show up as single rooms, not entire homes.

The CBRE report used data from Airdna, a company that

gathers details on the types of properties and room rates from Airbnb's web listings. CBRE focused on Airbnb hosts that operate two or more entire properties, not listings such as an individual room in a house.

The researchers said that approach allowed them to zero in on listings that aren't likely to be owner-occupied units. In the period between October 2015 and September 2016, multiunit Airbnb hosts represented 7% of all hosts, but 20% of all units and 32% of all revenue generated.

"That is not home sharing; that's a business," said Katherine Lugar, president and chief executive of the American Hotel and Lodging Association.

The number of units managed by multiunit Airbnb hosts grew in all of the top 13 markets CBRE analyzed from 2015 to 2016, but the growth was particularly notable in Nashville, Tenn., Oahu and New Orleans, where the number of such units more than doubled.

Lenzi, Chelsea

From: Joseph Bounds <joseph@paradiseretreats.com>
Sent: Tuesday, May 23, 2017 3:42 PM
To: sbcob
Subject: NoiseAware can help solve short term rental noise issues

Follow Up Flag: Follow up
Flag Status: Flagged

Dear SB County Board of Supervisors:

For the last 10 years, Paradise Retreats has managed over 100 short term rentals in Santa Barbara County.

From personal experience, I know that short term renters can sometimes generate noise complaints.

A primary philosophy of Paradise Retreats is to respect and enforce our neighbors' right to the quiet enjoyment of their property. The nature of short term rentals allows us to have much more involvement in (and control over) the behavior of our Guests. Whenever we are informed of a noise complaint, we take immediate action to resolve it.

Until recently, the main way we were made aware of noise issues at our properties was by a neighbor contacting us. This puts neighbors in a bad position for two reasons. One, by the time they decide to call us, the noise issue has been bothering them for some time and they are upset. Two, they resent the fact that they need to be the "police" of a property near them.

We recently discovered and have implemented an effective system which solves both of these issues.

The system is called **Noise Aware** (<https://www.noiseaware.io>).

How does NoiseAware protect against noise complaints? Like a smoke detector for noise, NoiseAware sends an alert (via text message and/or email) when quiet hours violations are detected. The NoiseAware sensor plugs into the wall, connects to wifi and takes continuous noise measurements (note: it only records decibel levels, so guest privacy is never jeopardized).

We customize our Quiet Hours and Noise Sensitivity levels, and when the settings for allowable noise is exceeded, a "noise alert" text message is sent to our On-Duty Property Services Manager (24/7). This notification allows us to be proactive and immediately respond to the situation before the neighbors feel the need to report it to us. NoiseAware has proven to be a simple and necessary tool that saves neighbors & police from being de-facto noise monitors.

Our experience is that over 99% of short term rental nights booked do NOT result in noise violations. That is why I support reasonable short term rental legislation that allows responsible, neighborly hosts and managers to exercise their right to rent private property short term. Additionally, I also support legislation that penalizes irresponsible proprietors of short term rentals.

I would be happy to work with you or anyone else at the Board of Supervisors to better explain NoiseAware and/or our data on noise violations.

Sincerely,

Joseph Bounds
Property Services Manager
propertyservices@paradiseretreats.com

Phone: (805) 617-3566

Cell: (805) 364-2720

Paradise Retreats

World Class Vacation Rentals, LLC

16 E. Arrellaga Street

Santa Barbara, CA 93101

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Phone: (805) 275-1851

Fax: (805) 299-1829

www.paradiseretreats.com

Lenzi, Chelsea

From: Judith Rubenstein <jmediate20@gmail.com>
Sent: Wednesday, May 24, 2017 10:06 AM
To: sbcob
Subject: STR's

Follow Up Flag: Follow up
Flag Status: Flagged

Dear County Supervisors,

I am sorry I am out of town and can't testify at the upcoming hearing on STR's.

I am a resident of Santa Barbara County, vote in CA, and pay CA taxes and earn all my income in CA. I have lived and worked in SB for 26 years. I have owned my current house since 1990. When I rent my house June - mid- Oct each year. it's the whole house, not a portion, because I am not here. I hire Turnkey, a company that manages vacation rentals and they do an excellent job of monitoring noise. My neighbors have never complained.

Why not carve out an exception for owner's like me who reside in their homes at least 6 months a year? We can sign an affidavit under penalty of perjury. That would eliminate STR's of owners who just buy homes to do vacation rentals. That would be good public policy. People who live and work in Santa Barbara (non-vacation renters) don't want to rent my house for 4 or 5 months. They want a 12 month or more lease which I can't do. There are lots of semi-or retired homeowners like me who travel (or live elsewhere) for many months at a time and use their homes as vacation rentals to be able to afford to travel. If we don't do it in our 70's we won't be able to travel much longer. Please carve out an exception to any prohibition of STR's for homeowners who reside in their homes 6 months or more.

Thank you for your service,

Judith Rubenstein, Marriage and Family Therapist
2629 Montrose PL, Santa Barbara CA 93105
805-637-6850

Lenzi, Chelsea

From: Rodriguez, Terry
Sent: Monday, May 22, 2017 8:09 AM
To: Lenzi, Chelsea
Subject: FW: SBA land use letter PDF is attached
Attachments: 2017.19.17 letter to Bd Supervisors re SBA land use development.pdf

From: Baur, Don (Perkins Coie) [<mailto:DBaur@perkinscoie.com>]
Sent: Friday, May 19, 2017 5:49 PM
To: Rodriguez, Terry
Subject: FW: SBA land use letter PDF is attached

Please file this copy for the June 6 meeting -- thanks. Rather than the previous unsigned version. Thank you, Don Baur

NOTICE: This communication may contain privileged or other confidential information. If you have received it in error, please advise the sender by reply email and immediately delete the message and any attachments without copying or disclosing the contents. Thank you.

DONALD C. BAUR
2109 FOREST HILL ROAD
ALEXANDRIA, VA 22307
dcbaur@aol.com

May 19, 2017

The County Board of Supervisors
105 East Anapamu Street, 4th Floor
Santa Barbara, CA 93101

Re: Short-Term Rental Ordinances, **June 6, 2017**

Dear Board of Supervisors :

I am writing to comment for the Board of Supervisor's consideration of the need for amendments to the Santa Barbara County Land Use and Development Code (LDUC), the Article II Coastal Zoning Ordinance (Article II), and the Montecito Land Use and Development Code (MLUDC) for purposes of implementing new regulations and other revisions to prohibit or restrict the land use of Short-Term Rentals (STRs).

These actions come before this Board based upon consideration of the recommendations from the County Planning Commission, which called for very significant restrictions on STRs that would virtually eliminate this land use throughout the County. In its December 6 Minute Order, the Board declined to act on the Commission's recommendation and instead directed the staff to undertake a comprehensive review and provide additional information on a wide range of specific issues. The Board is currently scheduled to consider the staff report in the June 6 meeting.

For the reasons discussed in this letter, and the attached comments of August 1 and 8, 2016, the Board should reject the Commission's recommendations. By limiting STRs to only a few very large properties in AG-II zones, as well as in certain mixed-use and commercial zones, the Commission set the stage to effectively ban the use of STRs throughout the County. Despite strong public support for STRs, the successful and growing use of STRs throughout the County and elsewhere, the episodic and minor occurrence of problem behavior associated with STRs in the County, the lack of any evidence of a decline in the business of hotels, the absence of evidence of a decline in affordable housing in the County due to STRs, and the failure to consider strategically focused, limited regulations governing the use of STRs rather than an outright ban, the Commission proposed ordinance amendments that would make Santa Barbara County one of the most regressive local government bodies in the country for its response to the increasingly widespread and beneficial use of STRs. The Board of Supervisors should set aside the Planning Commission's proposed ordinance and its underlying rationale and adopt a more deliberative, equitable, nuanced, constructive, and optimally beneficial land use framework that reduces the already small potential for abuse of STRs and maximizes the potential benefit they provide to a County that thrives on tourism and short-term visitation. By allowing for properly

The County Board of Supervisors
May 19, 2017
Page 2

regulated use of STRs, the County will demonstrate its progressive attitude and problem solving response to current socioeconomic trends and the sharing economy.

As of the date of this letter, less than one month from the Board's June 6 meeting, the staff report has not been made available for public review. As a result, it is not possible to comment to the Supervisors on the recommendations. While there is an adequate basis now to reject the Commission's proposed ordinance, the absence of a public comment opportunity on the staff report means there is an insufficient record upon which to develop area-specific bans or STR use restrictions. The Board should allow the public a sufficient opportunity to comment on the staff report before considering any specific ordinance amendments.

The comments set forth in the attached letter are submitted for the Board's consideration, in the absence of specific findings or proposals before the Supervisors. Particular attention is drawn to the discussion in the attached letter of: (1) the need to treat properties within Resource Protection Zones similar to those in Agricultural Zones for purposes of allowing STRs; and (2) the need for an exception or waiver procedure that would allow individual properties to obtain approval for STRs in areas where such use is otherwise banned, provided basic criteria are satisfied.

Fourth District Supervisor Peter Adam has stated that the STR ban ordinance is "like killing a fly with a 10-pound sledgehammer." He is correct, as stated in the attached August 1 letter which likened the proposed ban to a U.S. Supreme Court statement that over-reaching regulations such as the STR ban is like "burning the house to roast the pig."

Please reject the Commissioner's proposed ordinance, declare the County's intention to adopt a common-sense approach to STR management that avoids the use of area prohibitions except in very limited circumstances, and establish an open and collaborative review process that provides for maximum public participation in response to the staff report and future proposed ordinances. Thank you for considering these comments.

Very truly yours,



Donald C. Baur

Attachments

ATTACHMENT 1

August 1, 2016

**VIA FEDERAL EXPRESS AND E-MAIL AT
DVILLALO@CO.SANTA-BARBARA.CA.US**

Donald C. Baur
2109 Forest Hill Road
Alexandria, VA 22307
dcbaur@aol.com

David Villalobos
Board of Assistant Supervisor
County of Santa Barbara
County Planning Commission
123 East Anapamu Street
Santa Barbara, CA 93101

Dear Mr. Villalobos:

I am writing to comment on the County Planning Commission's consideration of ordinances 160RD-00000-00009 and 00012 that would amend the Santa Barbara County Land Use and Development Code to prohibit short-term rentals (STR) in residential districts. I am an attorney who frequently practices in Santa Barbara on land use and environmental issues. I visit Santa Barbara often, not only for business, but also for personal recreation and vacation. On those many visits, I have used the full range of overnight accommodations, ranging from Santa Barbara's highest-end resorts, to more basic hotels, to campsites, and STR rental. In fact, my most recent visit took advantage of an exceptional STR opportunity, and called my attention to the potential ban on such rentals. This wide range of lodging experiences is a unique and attractive aspect of visiting Santa Barbara County, and I strongly urge the Commission to reject the proposed ordinances, at least until additional options are researched and considered.

STRs have many positive impacts, as well as some possible negative consequences. On the positive side, they greatly diversify and enlarge the lodging and rental capacity of the County. For sure Santa Barbara County has a very extensive and successful STR network. This robust STR market encourages tourism and visitation, which brings notoriety and economic benefits. On a recent visit, I stayed in Santa Barbara *because of* an exceptional STR opportunity. In doing so, I generated income for the STR owner. And, I spent money at Santa Barbara businesses -- stores, restaurants, gas stations. Without the STR option, I would have stayed elsewhere in the region. I fully expect many other potential visitors to the County to have the same instincts.

STRs also are likely to increase the market value of the rental properties. They provide income that, in turn, helps owners pay mortgages, rent, taxes, association dues, maintenance costs, etc., making the STR properties more marketable and valuable. Even if the STR status of the property does not increase its market value, the rent is likely to be an important source of

David Villalobos
August 1, 2016
Page 2

supplemental income to the landlord. The County could also benefit from its own source of revenue by an appropriate fee or occupancy-type or other tax.

A strong STR market also carries an intangible benefit. It reaffirms the image of a community and local government that is open and welcoming to visitors, not just on traditional “stay in local hotel” terms, but through an innovative and inclusive network of social media communication that encourages personal interaction and civil and respectful discourse. For a tourism-driven area that is known for its progressive thinking, an outright ban on the STR phenomenon sends a strong negative signal to a large and very important audience.

I am aware of the *potential* negative impacts of STRs -- disruption of the character of existing residential neighborhoods, noise, trespassing, nuisance behavior, parking, and traffic. These problems can be serious considerations for some properties and some locations, but they are highly susceptible to regulation and restrictions. A properly-tailored STR ordinance should be able to greatly reduce, if not eliminate, most of these potential problems. No doubt, a few bad incidents from STR users receive far more publicity than the many, many successful, enjoyable, and profitable rental experiences that are reported primarily through the social media network. A quick review of the user ratings of the vast majority of the rental properties, including the tenants and the renters, confirms that the STR system is working very well.

This background makes it clear that the ordinances under consideration are going too far, too fast in proposing an outright ban. Many municipalities have adopted ordinances that impose restrictions that eliminate the possible negative impacts: geographically-based restrictions to prohibit STRs in certain areas that are unsuitable for the purpose (but not the entire residential zone); quantitative restrictions, such as capping the number of rentals or guests, a ratio of long-term to short-term units, a maximum number of days that a unit can be used for an STR; and qualitative restrictions, for example, parking requirements, noise level limits and hours, mandating landlord or designee oversight or presence; required postings; trash management, etc. Other methods of managing STRs can include licensing, registration, and local government taxes to supplement County revenue.

Even if a ban is considered necessary, there should at least be a waiver process under which an STR owner could apply for a license by showing that the location and circumstances associated with a particular property, as defined by criteria in an ordinance, is suitable for an STR. My recent STR stay, for example, was in a residential area considered “remote” by Santa Barbara standards, with no neighborhood issues (you cannot even see a neighbor’s house), no parking problems, and a continual presence by STR “managers” for the property. There is no rational basis for an outright ban on an STR for such a location.

Finally, I note that an outright ban raises some important legal issues. I am not convinced that CEQA analysis is not required, considering the fact that a ban on a pervasive current County-

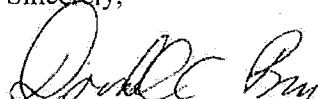
David Villalobos
August 1, 2016
Page 3

wide system involving tourism and visitation will give rise to physical and environmental impacts. In addition, depending on the language used an enforcement applied, the ordinances could raise legal questions over takings, due process, and equal protection.

In consideration of these points, and out of great fondness for Santa Barbara as a personal destination location, I urge the Commission to take the time to develop a more flexible and balanced approach to STR management. The ordinances to be considered on August 3, call to mind the kind of over-reaching regulation that Justice Frankfurter of the U.S. Supreme Court characterized as "burning the house to roast the pig." The County is doing well to consider the STR issue carefully; hopefully, you will take action to allow the benefits of STRs to continue to play role in Santa Barbara's rental housing market and visitor experience.

Please make this letter available to the Commission members and include on the record of the August 3 meeting.

Sincerely,



Donald C. Baur

cc: 1st District: Salud Carbajal
supervisorcarbajal@sbcbos1.org

2nd District: Janet Wolf
jwolf@sbcbos2.org

3rd District: Doreen Farr, Vice Chair
dfarr@countyofsb.org

4th District: Peter Adam, Chair
peter.adam@countyofsb.org

5th District: Steve Lavagnino
steve.lavagnino@countyofsb.org

Helene Schneider, Mayor
hschneider@santabarbaraca.gov

Gregg Hart, Mayor Pro Tempore
ghart@santabarbaraca.gov

Cathy Murillo, Councilmember
cmurillo@santabarbaraca.gov

Randy Rowse, Ordinance Committee Chair
rrowse@santabarbaraca.gov

Dale Francisco, Finance Committee Chair
dfrancisco@santabarbaraca.gov

Frank Hotchkiss, Councilmember
fhotchkiss@santabarbaraca.gov

Harwood "Bendy" White, Councilmember
hwhite@santabarbaraca.gov

ATTACHMENT 2

August 8, 2016

**VIA FEDERAL EXPRESS AND E-MAIL AT
DVILLALO@CO.SANTA-BARBARA.CA.US**

Donald C Baur
2109 Forest Hill Road
Alexandria, VA 22307
dcbaur@perkinscoie.com
202.654.6234

David Villalobos
Board Assistant Supervisor
County of Santa Barbara
County Planning Commission
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Short-Term Rental Ordinance

Dear Mr. Villalobos:

Thank you for this opportunity to submit supplemental comments on the County Planning Commission's consideration of ordinances 16ORD-00000-00009 and 00012 regarding short-term rentals (STR). I submitted initial comments on August 1 (copy attached) for consideration at the Commission's August 3 meeting. In that letter, I urged the Commission to either defer action on the ordinance or to adopt a more flexible approach that would allow for STRs in residential areas. I also suggested, if an STR ban were to be imposed, the adoption of a variance or waiver procedure that allows owners to demonstrate that their rental properties meet geographic and qualitative criteria on a case-by-case basis. The Commission deferred action on the ordinances until the August 10 meeting, and I request that this letter be distributed to the Commission members and staff and included in the record for that meeting. In addition to this email transmittal, an overnight copy of this letter, with nine copies, is being sent today.

As noted in my last letter, I practice environmental and land use law, often involving matters in Santa Barbara County, and I visit the area frequently and use a variety of lodging options, including STR stays. I appreciate the concerns over improper use of STRs and recognize that such properties are not appropriate at all times and in all locations. Some geographic restrictions are appropriate, but a sweeping ban throughout the County is unnecessary and too draconian. Ultimately, such a ban will have an overall negative effect on the County by depriving it of revenue, economic growth, tourist and visitor support, and participation in the popular trend toward a sharing economy and social network. For this reason, I recommend that the Commission reject the proposed ban and instead adopt a suitable regulatory framework for STRs in residential areas.

If the Commission intends to approve the ordinances and impose a ban, I recommend two additional actions that will benefit the County.

Allow STRs in MT-GOL, MT-TORO. First, at a minimum, the proposed ordinances should allow STRs in the Resource Protection Zones for Mountainous Goleta (MT-GOL) and Mountainous Toro (MT-TORO), in addition to Agricultural-I and II Zones (AG-I, AG-II). The reasons such action is appropriate, if not required to avoid an arbitrary result, are as follows:

- The asserted rationale for allowing STRs in AG-I and AG-II is that the large-size of the lots avoids many of the problems of temporary rentals in residential areas (e.g., noise, traffic, parking, aggravation of rental market problems, change in neighborhood character, etc.). AG-I zoning allows for lot sizes of 5 to 40 acres, and AG-II allows for minimum lot sizes of 40 to 320 acres. MT-GOL and MT-TORO, however, have a minimum lot area designation from 40 to 320 acres, providing for larger lots than the entire AG-I classification. *Thus, MT-GOL and MT-TORO fully meet the rationale, and address the lot size-related concerns, that lead to the authorization of STRs in AG-I and AG-II.*
- Resolution 16ORD-00000-00009 specifically states the direction from the Commission to the staff to develop an ordinance “prohibiting the use of short-term rentals in *residential zoning districts.*” Paragraph F. MT-GOL and MT-TORO are *not Residential Zones.* They are *Resource Protection Zones.* The Commission’s *Summary of Zones* states that MT-GOL and MT-TORO serve the purposes of “grazing, scientific and educational study and *limited* residential and agricultural uses.” *Summary of Zones, at 2* (emphasis added). All true “Residential Zones” are included in a separate section of the *Summary of Zones.* As a result, an ordinance that would prohibit STRs in MT-GOL and MT-TORO goes beyond the Commission’s direction and authorization. In this regard, I note that all of the documentation and public statements from the Commission that I have seen on the STR issue discuss the ban as applying to *Residential Zones*; there has been no public discussion of prohibiting STRs in MT-GOL and MT-TORO. *Consequently, there is a legitimate concern over the sufficiency of the public notice and comment opportunity for extending the ban to MT-GOL and MT-TORO.*
- The Resolution states, in Paragraph C, that an appropriate regulatory program for STRs in AG, Mixed-Use, and Commercial Zones “will allow for alternate lodging opportunities for public access to the County as a visitor destination.” *This same justification applies to MT-GOL and MT-TORO, which are zones with high scenic, recreational, and educational values that promote the visitor destination character of the County.*
- MT-GOL and MT-TORO already allow for lodging and residential uses that are consistent with STRs, even more so than AG-I and AG-II. For example, “hostel” lodging (defined as occupancy “generally of a limited duration”) is already allowed in MT-GOL and MT-TORO by conditional use permit (CUP). Why would youth or other hostel operations, including short-term lodging, be permissible by permit, but the generally less intrusive use of STRs be prohibited? AG-I, by contrast, *prohibits* hostels. Most Residential Zones also prohibit hostels. In addition, guest ranches are permitted by CUP

in MT-TORO, but prohibited in AG-I and AG-II. The County Overlay Ordinance Text Amendments for case No. 06ORD-00000-00004 for MT-GOL notes that uses permitted in that zone include “guest houses.” Staff Report, at 3 (Oct. 13, 2006). *See also* 35.22.030, Table 2-4. Also allowed, under various authorizations or exemptions, in MT-GOL and MT-TORO, are charitable organizations, large family day care homes, small family day care homes, and residential day care centers. MT-GOL allows for housing of up to four employees under an MCUP for agricultural purposes. *See* 35.22.030, Table 2-4. *STR use therefore is consistent with the already authorized uses of MT-GOL and MT-TORO.*

- MT-GOL and MT-TORO allow for a wide range of public assembly and other uses by CUP that are consistent with STR visitors, including country clubs, educational research facilities, equestrian facilities, rural recreation, and sports and outdoor recreation facilities. *See* 35.22.030, Table 2-4. *Again, allowing STR use in these two zones is consistent with, and supports, currently authorized uses.*
- MT-GOL and MT-TORO do not have a large number of properties where STRs are likely to be offered; so the potential for the negative impact is small. In addition to the limited opportunities for negative impact, the nature of the guests at STRs in these locations are unlikely to present the noise and behavior impacts of visitors who prefer more urban or residential settings. Guests seeking out an STR stay in the “mountainous” locations of the County are likely to appreciate the natural, scenic, and environmentally sensitive values of such areas and treat them with respect. *Thus, not only are problems unlikely to occur from these visitors, STR tenants are likely to promote the “educational” and “preservation” uses for which MT-GOL and MT-TORO have been established.*
- While the extent of STR opportunities in MT-GOL and MT-TORO are somewhat limited, they are expected to be high quality and high value (revenue and income generated per visitor). In addition, they are located in a unique geographic setting in the County that is not served by other forms of commercial lodging. *Thus, allowing STRs in these two zones achieves the desirable result of diversifying the services and lodging opportunities available to visitors in Santa Barbara County.* Based on personal experience, staying in an STR in an MT zone is among the highest quality, most enjoyable, and unique lodging experiences available in the County.

For all of these reasons, it makes great sense to allow STRs in MT-GOL and MT-TORO. To exclude them from the Residential Zone ban furthers the Commission’s objectives to advance the best interests of the County. There is no valid basis to allow STRs in AG-I and AG-II but not in MT-GOL, and MT-TORO.

Establish a Waiver Process. My second specific recommendation is that the County should establish a waiver or exemption process under which an STR landlord can apply for exclusion from any ban that is imposed.

David Villalobos
August 8, 2016
Page 4

As a general matter, the best course for the County is to allow STRs subject to regulation and permit. This approach is used successfully by many other municipal governments in California (e.g., Sonoma County, City of Carlsbad, City of Solana Beach, City of San Francisco, City of Dana Point, City of Sausalito, County of Calaveras, City of Ventura, City of Berkeley, and many others) and around the country (e.g., Austin, Nashville, Denver, Santa Fe, Savannah, Jackson and many others). If, however, Santa Barbara County decides to ban STRs in Residential Zones, it should still provide a mechanism for such lodging to occur in certain circumstances. Some cities grandfather existing STRs and apply the ban prospectively only. Another option is to establish strict requirements, including distance from neighboring properties, proof of adequate parking, consent of adjacent property-owners, etc., that an STR would have to meet to obtain a waiver from the ban. To ease administrative burden on the County, the burden of proof could be imposed on the STR landlord to demonstrate compliance. Such an approach would allow for the best of the STR market to remain in operation, while offering a very strong defense against the problems that the ban seeks to address.

Thank you for considering these comments, and I commend the Commission for its careful consideration of this issue. Please let me know if I can be of further assistance.

Sincerely,



Donald C. Baur

Enclosure

cc: Salud Carbajal, 1st District Supervisor	Marell Brooks (3rd Dist.) c/o Planning & Development, Hearing Support
Janet Wolf, 2nd District Supervisor	
Doreen Farr, 3rd District Supervisor	Larry Ferini (Chair, 4th Dist.) c/o Planning & Development, Hearing Support
Peter Adam, 4th District Supervisor	
Steve Lavagnino, 5th District Supervisor	Daniel Blough (5th Dist.) c/o Planning & Development, Hearing Support
C. Michael Cooney (Vice Chair, 1st Dist.) c/o Planning & Development, Hearing Support	
Cecilia Brown (2nd Dist.) c/o Planning & Development, Hearing Support	

Daly, Julia Rutherford

From: Chris Jones <cjones4mail@gmail.com>
Sent: Tuesday, May 23, 2017 12:55 PM
To: sbcob
Subject: Short -Term Rental Ordinance

May 23, 2017

Christine Jones
PO Box 434
Los Olivos, CA 93441

Chair Joan Hartmann and Members
of the Board of Supervisors
County of Santa Barbara
105 East Anapamu Street
Santa Barbara, CA 93101

Re: Short Term Rental Ordinance Hearing - June 6, 2017

Dear Chair Hartmann and Members of the Board:

I live on a AG-1-20 parcel in Los Olivos that has been severely impacted by a short term rentals. Yes AG 1-20 parcels suffer from the same STR issues that harm smaller parcels. Noise and light pollution are amplified in our Valley's wide open space.

Short term rentals are business operations which have no place in residential zones. To argue that they provide opportunities for visitors, or additional income for seniors, or any of the host of other "reasons" given to allow these uses misses the point: these are commercial ventures which negatively impact the fabric of our neighborhoods, disrupt the privacy and quiet enjoyment of our homes, and negatively impact our property values. The sanctity of residential neighborhoods cannot be sacrificed so that visitors can have a "different" type of experience, or so that an out of town investor can make more money from a LA transient rental rather than a local tenant. There is absolutely no overriding reason why these businesses should be allowed in single family zones, any more than restaurants, shops, or other visitor-serving/money making ventures.

With ADU's now allowed how will you ensure that a tenant rather than a transient will occupy a ADU dwelling? I urge you to adopt the carefully constructed and thoroughly reviewed ordinances recommended by your Planning Commission and put an end to this intrusion into our residential neighborhoods.

Carefully consider how the billion dollar platform companies like AirBNB and VRBO with their technology, highly paid lobbyists and behavior scientists manipulate information to gain more and more power, profit and control of local government.

As a final note, I would add that, in order to be effective, these ordinances will require strict and meaningful enforcement by the County. Fundamental to that effort is a full-time enforcement officer, available on nights and weekends when the majority of complaints arise. Thank you very much.

Sincerely,

Christine Jones

Daly, Julia Rutherford

From: Hilary Wells <outlook_0EE498901F18F90E@outlook.com>
Sent: Tuesday, May 23, 2017 10:41 AM
To: sbcob
Subject: STR Public Comment

Hello!

I am strongly in favor of STR vacation rentals in the County areas for a number of reasons. First, STR provide important temporary housing for individuals and families. Since the City of Santa Barbara no longer allows STR vacation rentals, the need is even greater. In many parts of the County there are not enough hotels or B&B's to meet the needs of people wanting to visit family and friends who live in the more rural parts of the County, or those who want to visit the wine country. Additionally often people who want to rent vacation rentals are planning to relocate and need a place while interviewing, then need temporary housing while moving to the area. Require a actual address to get kids settled in school, and/or to find and purchase a home. If the County permits STR's and require registration and the collect of TOT taxes, then SB County will have a significant source of additional revenue, and the fund a position to help regulate STR's if needed.

STR vacation rentals often provide an important service for families displaced from their homes temporarily because of water or fire damage to their home. My husband and I, and our teen age daughter, and two cats are a perfect example. Three months ago we had a dryer fire in our mission canyon home. There was significant damage to the structure and much of the house needs repair due to smoke damage. Because of the lack of STR's in the City of Santa Barbara, we had a very hard time finding temporary furnished housing for 6-8 months. Eventually we did fine one, but it would have been great if we could have found one closer to our home so we can check on it daily while it is being repaired. We are all members of this community, and it is important to remember that at any point we might need a STR. Example: usually Insurance companies need to find STR vacation rentals for 1-3 weeks, or longer if home owners have a unexpected situation that requires they move out. Often people have pets that also need to be relocated temporarily while repairs are done. STR's serve all of us when we are in need in our community. If the concern is noise, then the County can set up a hotline enforce if they get a complaint, but I personally have owned a vacation rental in SB City for 8 years and we did not have complaints and our neighbors loved having the vacation rental in their neighborhood. In fact, several rented it from us when they had out of town guests. It is also important to remember the month to month renters also affect neighborhoods, and occasionally are noisy. However, in my 45 years as a home owner, my experience is that loud parties, and other issues affecting a neighborhood are more often related to other homeowners near by, and not renters- short or long term.

Sent from [Mail](#) for Windows 10

Daly, Julia Rutherford

From: Denice Spangler Adams <calldsa@gmail.com>
Sent: Tuesday, May 23, 2017 9:42 AM
To: sbcob
Cc: Denice Spangler ADAMS; Newman, Charles
Subject: STR Public Comment where is the County's and the Montecito Planning Advisory Commission's definition of a STR? A homestay?

Follow Up Flag: Follow up
Flag Status: Flagged

Prior to the Board's Hearing on 6/6/2017, for the benefit of taxpaying property owners, two requests please:

1) Post on the Hearing Announcement AND in the proposed ordinance/ zoning amendment the definitions of the terminology being amended: Short Term Rental and also Homestay.

Are the County's and Montecito's definitions the same? Are the County and Montecito's definitions the same as the City of SB or Carp or Hope Ranch or Noleta or elsewhere? I read the minutes, summaries of comments, and on-line posted documents but cannot find from the Montecito Commission the descriptions or definitions of STR or Homestay.

There are 4 residential rental homes with 3-9 unrelated occupants within 2 blocks of me: which both County & City Zoning staff say are legal because only federal law (HUD) has occupancy limits. (Off street parking of 6-9 cars per home prompted the inquiry by neighbors). I'm unclear if these rentals are STR or Home stays: 3 are in the City of SB, the other in the County (Montecito). Label doesn't technically matter because on-street parking limiting our use of our public streets for transportation and public safety are our neighborhood's concern.

2) present the budget amount and guarantee for enforcement of any new ordinance along with the Montecito Commission and Board's accountability and liability.

Presently County Zoning lacks resource ability . Are TOTS collected on all rentals in addition to property taxes? Are TOTS in a restricted fund?

The County has stated it has unfunded pension liabilities requiring further budget cuts.

Why pass more unenforceable ordinances until funds are available for allocation?

Private property rights, and the adequacy of public access to public services such as roads, water and sewers, remain the issues.

Is now the time to pass a new restrictive ordinance with the effective statewide abolishment of residential zoning categories with ADUs (ancillary dwelling units) and AUDs (increased unit densities)? What's the legal exposure to the County?

Thank you for describing and defying meaning of terms that may become law to ensure the public is clear; and for guaranteeing funding for any new requirements.

Denice S Adams
At The Montecito Border
93108

Daly, Julia Rutherford

From: Dawn O'Bar <sbobar@cox.net>
Sent: Monday, May 22, 2017 9:42 AM
To: sbcob
Subject: Short term rental

Hello

I am writing to express my concern about STO regulations.

The outright blanket outlaw of all sTo in Santa Barbara county is unfair.

I have run a bed and breakfast out of my home for almost two years. If these are run as "owner occupied" they are successful for everyone. County receives tax revenue, I receive supplemental income allowing me to stay in the area and the visitors come to SB who could not afford a hotel and spending money on restaurants shopping etc.

I will only rent short term. I do not have kitchen facilities to make this a long term rental.

And since I only rent my property while I am in residence there are no noise or nuisance issues.

My neighbors are not impacted at all.

Please reconsider the outright ban of all STR to regulating and allowing owner occupied to continue.

Sincerely

Dawn O'Bar

Sent from my iPhone

Daly, Julia Rutherford

From: campbell <campbell@sbceo.org>
Sent: Monday, May 22, 2017 10:05 AM
To: sbcob
Subject: short term rental ord.

County Clerk,

Here are my comments regarding the Short Term Rental Ordinance item on the agenda at the June 6th County Board of Supervisors meeting:

I fully support an ordinance than bans short term rentals in residential neighborhoods of Santa Barbara County. I live in Summerland and there have been several homes around me who rent out their homes for short term. This has totally changed the character of the neighborhood, which use to be very quiet. Now it seems like "party central" every weekend with blasting music, cars, and noise. These are businesses and have no place in residential neighborhoods.

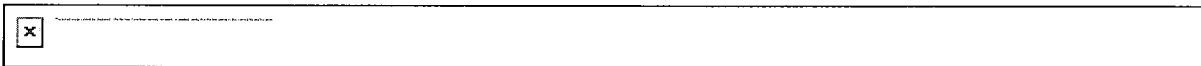
Rondi Campbell
Summerland, CA

Daly, Julia Rutherford

From: Leanne Schlinger <leanne=santaynezvacationrentals.com@mail14.suw17.mcsv.net> on behalf of Leanne Schlinger <leanne@santaynezvacationrentals.com>
Sent: Friday, May 19, 2017 1:33 PM
To: sbcob
Subject: Info & Update for Upcoming STR Hearing 6.6.17

Short-Term Rental public hearing on June 6 at the
County Board of Supervisor's Hearing Room, Santa
Barbara

[View this email in your
browser](#)



Dear Supporters,

On June 6 2017, The Santa Barbara County Board of Supervisors will conduct a public hearing to discuss the Short-Term Rental Ordinance at the County Board of Supervisor's Hearing Room, 105 East Anapamu Street, 4th Floor, Santa Barbara. We are hopeful that this hearing will determine the final outcome of this long-awaited decision concerning the use of short-term rentals in Santa Barbara County. As always, your support is extremely important to us.

Our Take on the Issue

At Santa Ynez Vacation Rentals, we specialize in [Agritourism](#). It is our goal to provide guests with an authentic farm or ranch stay experience through a carefully curated selection of breathtaking agricultural properties in the Santa Ynez Valley. **We believe that the most appropriate and desirable location for short-term rentals in Santa Barbara County is on agricultural land, all agricultural land and parcels, as opposed to residential zoned areas.**

A stay at one of our properties is not only a unique, **rural experience for guests**, but also a means to help sustain and keep agriculture alive in our community.

These beautiful agricultural properties are integral in maintaining the rural character of the Valley, that locals and visitors alike are so drawn to. They keep the bucolic rolling hills of the Valley, untapped. They allow for 360-degree views of pure, wide-open space. They allow for a place where animals can survive, hopefully thrive, as ever increasing development continues to take over. All of this doesn't come free. Landowners of agricultural properties need alternative income sources to help offset the operating costs of these expensive, yet extraordinary properties that we all love and feel a connection to. It isn't until something is gone, that people start to miss what once was and ask "what happened?".

Agricultural properties cannot survive without using the land, conscientiously, to generate income. Not taking advantage, but allowing for operations that are a compatible use of agriculture. Just as organic farming, raising llamas, or selling homemade honey from a modest farmstand are all considered a healthy, productive, use of agricultural land, the same is true for short-term rentals on agricultural properties - it's wholesome [Agritourism](#). The beauty of these stays is that they do not require any new development, there is no negative impact to the land or community, and they are environmentally responsible. **Guests are simply sleeping in a structure that already exists on the land.** Land where they can wake up to the sound of farm life, brush a horse, walk down a cow path, through a vineyard, star gaze with their kids, pick fresh vegetables, collect chicken eggs, and merely slow down and take it all in with family and close friends.

A Few Key Points:

- **AGRICULTURE CANNOT BE COMPARED TO RESIDENTIAL:** When managed with integrity, short-term rentals on **all parcels/land zoned for agriculture** do not harm the fabric of our community, unlike *some* residential zoned short term rentals. Plain and simple, agricultural parcels are much larger than residential parcels and have larger setbacks from neighbors, which help offer more privacy and tranquility for all.
- **REVENUE TO COUNTY:** Santa Barbara County has a fiduciary responsibility to the community. The Transient Occupant Tax (TOT)

generated from short term rentals on agricultural properties helps contribute significantly towards the budget crisis.

- AGRITOURISM: Short term rentals on agricultural properties provide income to land owners, which in turn, helps keep agriculture alive in our community. These are not your typical, “crash pad” style rentals. Short term rentals on **all** agricultural land are intended to offer a farm or ranch stay experience; connecting people with nature and agriculture operations, and do not negatively impact the community or neighboring properties.

E-mail Comments to the Board of Supervisors

Date: Tuesday June 6, 2017

Time: 9:00am

Location: County Board of Supervisors Hearing Room
105 E Anapamu St., 4 th Floor, Santa Barbara

Thank you for your continued support. We couldn't do it without you.

1st District: Das Williams, Vice Chair

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Fax: (805) 568-2534

E-mail: dwilliams@countyofsb.org

Website: [Das Williams](#)

2nd District: Janet Wolf

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3rd District : Joan Hartmann, Chair

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Solvang: (805) 686-5095

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E-mail: jhartmann@countyofsb.org

Website: [Joan Hartmann](#)

4th District: Peter Adam

Lompoc: (805) 737-7700

Santa Maria: (805) 346-8407

E-mail: peter.adam@countyofsb.org

Website: [Peter Adam](#)

5th District: Steve Lavagnino

Santa Maria: (805) 346-8400

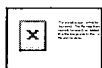
Fax: (805) 346-8404

E-mail: steve.lavagnino@countyofsb.org

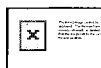
Website: [Steve Lavagnino](#)

Clerk

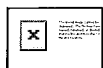
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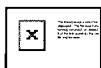
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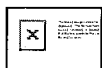
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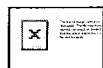
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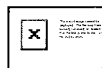
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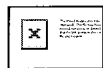
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Contact us at:

805-770-7100

leanne@santaynezvacationrentals.com

Our mailing address is:

Santa Ynez Vacation Rentals

PO Box 1704

Santa Ynez, CA 93460

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Daly, Julia Rutherford

From: Maggie Grieve <maggie.grieve01@gmail.com>
Sent: Friday, May 19, 2017 12:47 AM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Comments on short term rental ordinance public hearing

Dear sirs

I'm writing to ask you to consider my views on the decision you are looking to make around making short term rental accommodation available to people in the county.

We have travelled from the UK with our family several times now - in fact we have also brought friends to the area - for a vacation. We have really loved letting our children experience this part of the world, shopping locally, eating out in amazing and varied eateries, horse riding in the dry and remote valleys with your lovely stables, days to the beach and just generally immersing ourselves in the local community for a week or two weeks at a time.

In addition to this we have also as adults enjoyed visiting local wine growers and makers, making it an adventure to really be able to enjoy learning about their methods and passion for their product and as a result buying cases of wine every time we visit, either at the vineyards locally or via their tasting rooms and wine stores, some of which we enjoy whilst on holiday and some which comes home to the UK with us where it is treasured in our cellar until we are lucky enough to visit again and replenish things!

We first discovered the area about 10-15 years ago and have seen it grow gently and respectfully to its environment over that period - in terms of the wine production and wines it's possible to buy, restaurants and shops around the area. Prior to this period we always visited the Napa Valley and then the Sonoma Valley, neither of which we now believe are a patch on the beauty and variety of the relaxed of this your area although if this decision goes against us, I guess we'll be going back there as a 2nd best alternative.

It would be heartbreaking to not be able to continue to enjoy your great American hospitality for future vacations and be forced to holiday elsewhere with our converted great British pounds !!

The kind of place we so enjoy renting is usually somewhere that belongs to the vineyard or farmer/rancher and which lets us as a family have that quite and relaxed farm or ranch stay experience; connecting us with nature and agriculture operations. I'm not sure how this in any way negatively impacts on the community or neighboring properties?

I hope you'll consider my views in terms of how this proposal takes all this away from us and your local community. It would be really very sad and potentially financially very damaging to the local people we have loved meeting and supporting through our visits to date

Kind regards

Maggie Cunningham
Walnut tree cottage
Peasemore
Berkshire
England

Sent from my iPad

Daly, Julia Rutherford

From: Jen Boulden <jen@jenboulden.com>
Sent: Friday, May 19, 2017 7:58 AM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Introduction / Please support

Dear Board of Supervisors,

I just wanted to express our support of allowing short-term rentals for properties zoned AG.

We live in the township of Ballard, and we love our land, our neighbors, and the food we can produce locally. We also love bringing positive attention to the Santa Ynez Valley.

Thank you so much for hearing our voice.

While we don't have a rental property, we'd like to express support for others that have paying guests stay at their ag properties, as it raises the tax base through sustainable activities instead of bringing in big business and more hotels to our precious valley.

Sincerely,
Jen Boulden

.....
JenBoulden.com

646.621.4235

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.....
“The power that makes grass grow, fruit ripen,
and guides the bird in flight is in us all.”

~ Anzia Yezierska.
.....

Daly, Julia Rutherford

From: Ron Sickafoose <foosefam@aol.com>
Sent: Thursday, May 18, 2017 2:35 PM
To: sbcob
Subject: Short Term Rentals - Residential Zoning
Attachments: STR ltr 5-17-17.docx

Dear Board of Supervisions:

Attached is my letter related to the subject above.

Thank you for your consideration.

Ron Sickafoose

Ron & Jeanie Sickafoose

120 Hermosillo Drive, Santa Barbara, CA 93108
E-Mail: foosefam@aol.com Telephone: (805) 969-0310

May 17, 2017

Board of Supervisors
County of Santa Barbara
sbcob@co.santa-barbara.ca.us

SUBJECT: Short Term Rentals (STR) Ordinance
Residential Zones

Dear Supervisors:

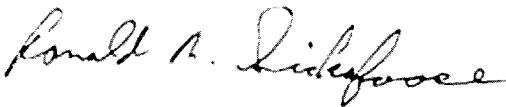
We have lived on Hermosillo Road in Montecito for over 30 years. The house next door to us is a STR along with other houses on this street. The tourist strangers come and go and they enjoy their view from the elevated patio deck, including a great view of us in our back yard. It's an awkward situation.

We used to have neighbors living next to us which is appropriate for a residential community. Now we have a commercial enterprise with a second story "hotel balcony".

Please support the proposed ban on STR in residential zones at your Board Meeting on June 6.

Thank you for your efforts to keep neighbors in my neighborhood.

Sincerely,



Ronald N. Sickafoose

Daly, Julia Rutherford

From: Caren Sokol <carensokol@gmail.com>
Sent: Wednesday, May 17, 2017 3:16 PM
To: sbcob
Subject: Short-term rentals

To: Board of Supervisors

Please vote to ban transient short-term rentals in zones not already allowing them such as tourist/visitor areas. We do not want a turnover of touring strangers on our street all year long. We want neighbors that participate in our community.

PLEASE add strong enforcement rules with fines for offenders.

Follow the lead of other cities in California that have said NO to rentals for less than 30 days.

Thank you,

Erwin and Caren Sokol
110 Hermosillo Drive
Santa Barbara, 93108

Daly, Julia Rutherford

From: John Handloser <jshjr3@yahoo.com>
Sent: Wednesday, May 17, 2017 1:34 PM
To: sbcob
Subject: Short Term Rentals
Attachments: Supervisor Letter 5 17 17.pdf

I have attached my comments about Short Term Rentals.

Best regards,
John

John S. Handloser, Jr. 148 Hermosillo Rd. Santa Barbara, CA 93108 Tel Home: 805 969 6355 Email: jshjr3@yahoo.com

John S. Handloser, Jr.
148 Hermosillo Rd.
Santa Barbara, CA 93108

May 17, 2017

Dear Supervisors,

As a member of this community for over 50 years I do not support Short Term Rentals. They are a commercial business operating in a residential neighborhood.

- **I support the recommendations of SB County Planning Department, Montecito Planning Commission & SB County Planning Commission put forth. No transient short-term vacation rentals in residential zones for less than 30 days.**
- **Please vote to ban transient short-term vacation rentals in zones not already allowing them such as tourist/visitor areas. I do not want a turnover of touring strangers on my street all year long. I want neighbors that participate in our community.**
- **Please add strong enforcement rules with fines for offenders.**
- **Please follow the lead of over 25 cities just in California that have said NO to rentals for less than 30 days in residential zones.**
- **STRs cause a loss of fabric & stability of our community.**
- **STRs do not support a real neighbor next door and absent owner will not participate in neighborhood issues or taking care of property.**
- **Families not interested in purchasing home when short term rental nearby causing a lack of community.**
- **Property values decrease when houses are not residences with a corresponding lack of tax base.**
- **Homeowners concerned about health and safety issues with so many people coming and going next door.**
- **STRs cause a lack of consideration of neighbors tranquil environment.**
- **Please say no to commercialization of residential zones!!**

Best regards,

John S. Handloser, Jr.

Daly, Julia Rutherford

From: Paul Longanbach <lpj008@gmail.com>
Sent: Tuesday, May 16, 2017 8:18 PM
To: sbcob
Subject: Short Term Vacation Rentals

Board of Supervisors, Santa Barbara California:

I moved to Santa Barbara knowing full well that it was a resort community whose economy & financial well being clearly depended on tourism. But what influenced my decision to move here and invest a good portion of my capital in a real estate purchase was the balance that both the city and county had been able maintain between tourism and quality of life for permanent residents through zoning and regulation. Even as times change, the area has a strong infrastructure of hotels, motels, restaurants to accommodate a robust tourist economy but available housing for permanent residents has not kept pace with that change.

The extraordinary increase in short term rentals has upset that balance between tourism and quality of life for permanent residents in a number of ways that the elected officials of the County and City of Santa Barbara have heard repeatedly. The principles and benefits of zoning and regulations around vacation rentals can and should still pertain here in our area as they do in other resort communities in California. As a homeowner and taxpayer, I am concerned about short term vacation rentals reducing the value of my investment in residence. I feel that MY investment and the risk of losing on it is just as important as the investment of a speculator converting a residence into a money making venture without the regulation and oversight that a hotel or motel owner would be required to comply with--along with that hotel or motel owner paying full taxes.

As a Board of Supervisors, you cannot have it both ways. As permanent members of our community just as I am, I urge you to protect the

permanent residents and their neighborhoods and quality of life as it has been protected for decades--for the greater good. Such a decision will NOT hurt tourism in Santa Barbara and the revenue the county and city so badly needs. Such a decision will show your will do right by the majority to citizens whom you serve.

Paul Longanbach
971 Camino del Rio
Santa Barbara, CA 93110

Daly, Julia Rutherford

From: HRECMISSY@aol.com
Sent: Tuesday, May 16, 2017 9:13 PM
To: sbcob
Subject: Short term rentals

I am writing to ask your support for the ban on short term vacation rentals (less than 30 days) in residential zones. I believe short term rentals are detrimental to our community and our residential neighborhoods.

Thank you,
Diane Sheldon
1130 Via Del Rey
Goleta, CA 93117

Daly, Julia Rutherford

From: Carol Vernon <cvernon426@gmail.com>
Sent: Wednesday, May 17, 2017 10:21 AM
To: sbcob
Subject: Please do not allow short term rentals in a residential neighborhood

I support the recommendations of SB County Planning Department, Montecito Planning Commission & SB County Planning Commission put forth. No transient short-term vacation rentals in residential zones for less than 30 days.

Thank you for your consideration. A short term renter is not the same as a neighbor with a vested interest in the community and concern for their impact on the immediate neighbors.

Carol Vernon
165 Olive Mill Lane
Santa Barbara
805 969-2011

Lenzi, Chelsea

Subject: FW: STR Ordinance
Attachments: Hartmann.docx; ATT00001.htm

From: Judith Rubenstein <jmediate20@gmail.com>

Date: January 5, 2017 at 12:08:43 PM PST

To: jhartmann@countyofsb.org

Subject: STR Ordinance

Dear Supervisor Hartmann,

I've attached a letter expressing my sincere hope that the County will pass a ordinance regulating STR's rather than banning them, and also include a provision excluding owners who live in their homes 6 months or more per year.

Thank you for reading this letter.

Judith Rubenstein
805-637-6850

Judith Rubenstein, MFT, JD
2629 Montrose Place
Santa Barbara CA 93105

Joan Hartmann
Santa Barbara County Supervisor
jhartmann@countyofsb.org
Email Transmission Only

January 5, 2017

Dear Supervisor Hartmann,

I'd be very grateful if you'd consider my thoughts on the Short Term Rental Ordinance that is before the County Supervisors on January 10, 2017. I know this is a complicated issue. The best option is for the County is to regulate STR's rather than outlawing them whole cloth. There are many benefits to having STR's in the County, and why ban them without trying regulation first?

The directives that the Supervisors gave staff at the last meeting dealing with this issue pointed the way to regulation, but didn't cover my situation. I am asking for the Supervisors to carve out an exception to any ban in residential areas where the owner occupies their home at least 6 months per year.

There are only three possible reasons for passing this ordinance and none apply to people in my situation. Here are the reasons given by people wanting a ban:

1. Noise Nuisance. First, according to people managing these properties, there have only been real complaints about a few of big houses in Montecito where 20 or so people have stayed at one time, causing a lot of noise. Turnkey which manages my home has never had a complaint about my house in Mission Canyon. I make sure that all my neighbors know my rental manager's phone number in case there is noise they can call and stop the noise. There could be a requirement in the regulation (like Ventura and Goleta) that someone be on call if there is a problem with noise.

So, not much of a case can be made for protecting other homeowners with such few complaints. And, if there were a proper regulatory system in place, any owners who rent to more people than permitted by regulation could be fined or put out of business.

But then there is the case for protecting homeowners like myself. I am a 73 year-old semi-retired mediator and therapist. I've lived in Santa Barbara for 27 years and owned this house since 2000. My partner, Mark, is from Vermont. We live annually in Santa Barbara from approximately October 15 to May 15, and in Vermont for 5 months, May 15 to Oct. 15.

When in Santa Barbara, I still work part-time as a therapist and mediator, to pay

the mortgage of this house I've owned for 16 years and want to keep until I die. But when I'm not in Santa Barbara, I have to rent because I don't earn money in Vermont and live on Social Security. However, I have tried for years to get a five-month rental but it has always been impossible. So two years ago, I started doing short-term rentals and I've been able to pay the mortgage when I live in Vermont.

There may be many homeowners like me in Santa Barbara who leave for the summer months. Many may be retired or semi-retired. A law banning STR for owners who are out of town part of the year would force seniors like myself to sell their homes. That would force many middle class people to sell their homes purchased when homes were more affordable in Santa Barbara.

2. Protecting Hotel Industry. There is really no need for this law except maybe to protect the hotel industry. But isn't it more important to keep long-term residents who have contributed to their community over their lifetime in their homes? I say yes. Having a few homes owned by homeowners who occupy their property at least half the year are no competition for the hotel industry. And, homes in the County, as opposed to the high-density urban area of the City are not competition for hotels attracting tourists. I have a 3 bedroom house. Usually 6 people rent. Three couples would each have to pay between \$175 to \$400 a night for a motel or hotel room, making their total rental \$525-\$1,200 per night --- unaffordable for most families. Whereas, my house rents for \$350 - \$400 a night making it affordable for out-of-town families who come to SB for graduations, weddings, or just a family reunion.

3. STRs take homes off the rental market. I agree some owners buy up property just to rent it out all year. I believe that happens in the City of Santa Barbara, not in the County. And, people like myself who live in their homes at least 6- 7 months every year, are NOT taking rental housing off the market. People are looking for at least 12-month rentals. I have tried to get 5-month renters when I go to Vermont and it's impossible. Renters are looking for 12 month leases. Therefore I urge the County to at least allow short-term rentals for homeowners who occupy their home at least 6 months every year. The obvious public policy behind this is to not penalize seniors or others who live in their homes at least half the year or more, but who because of high mortgages, cannot afford to let their houses go unrented when they are visiting children, relatives, travelling for long periods, or who like me have a partner who lives back East.

Therefore, I strongly urge the County to carve out an exception in a regulatory ordinance to allow short-term rentals for homeowners who live in their property at least 6 months every year. This will allow some short-term rentals for owners who live in Santa Barbara at least half the year. It would also prevent investors from buying up housing stock just to convert into year-round vacation rentals.

This exception could be easily regulated by asking owners who fall under this exception to sign an affidavit under penalty of perjury that they occupy their homes at least 6 months each year, and to specify the time period.

Thank you for your consideration.

Very truly yours,
Judith Rubenstein

Alexander, Jacquelyne

From: Ted Urschel <ted@tedurschel.com>
Sent: Monday, February 13, 2017 3:58 PM
To: sbcob
Subject: Letter for March 21 Board of Supervisors Meeting
Attachments: Letter to Board of Supervisors re vacation rentals.pdf; ATT00001.htm

Ladies and Gentlemen,

Attached is a letter to the Board of Supervisors in support of a ban on short-term vacation rentals. Please distribute it to the members of the Board.

Thank you,
Ted Urschel

Ted Urschel
618 El Dorado Lane
Santa Barbara, CA 93108

February 13, 2017

Via Email to sbcob@co.santa-barbara.ca.us

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

Re: March 21 Meeting – In Support of Ban on Short-Term Vacation Rentals

Ladies and Gentlemen:

I am a long-time resident of Montecito, and former President of the Montecito Association. I am writing in support of a County-wide ban on short-term vacation rentals.

Short-term vacation rentals have become a public nuisance. In Montecito, neighborhoods with short-term vacation rentals have suffered increased noise and traffic, as well as diminution in property values. Law-abiding homeowners should not have to complain to the owners or occupants of short-term vacation rentals to resolve these persistent issues, nor should law-abiding homeowners have to take some sort of legal action, i.e., file a noise complaint or a civil suit, to remedy a problem. As property owners, we are entitled to the quiet enjoyment of our properties, and the Board of Supervisors should act by passing a County-wide ordinance to ban short-term vacation rentals in our community without further delay.

Thank you for your consideration.

Sincerely,



Ted Urschel

Alexander, Jacquelyne

From: jsessions <jsessions@yahoo.com>
Sent: Tuesday, March 21, 2017 11:49 PM
To: sbcob
Subject: Short Term Rentals - sb county

Dear Supervisors,

I urge you to vote **NO** on the staff recommendation on Short Term Rentals. Instead, I recommend you direct staff to craft an ordinance that mirrors the current Goleta City Short Term Rental Ordinance. Please do not strip away private property rights from owners and leave neighborhoods without any real enforcement tool against the "bad apples" of short term rentals. Please look at this ordinance from all viewpoints! Property owners should have flexibility with their property use within reason. Neighbor concerns need to be addressed. The County needs to be able to have the land use properly regulated and make sure that neighborhood character is protected.

By adopting an ordinance modeled after the Goleta Short Term Rental Ordinance, the County would be putting in place a commonsense plan that protects neighborhoods, allows property owners to keep their private property rights, and allows the County to regulate Short Term Rentals and collect TOT. This plan allows neighbors to have a responsible and quick recourse should a vacation rental break the rules.

Please vote NO on the current version of the Short Term Rental Ordinance and instead adopt an ordinance that mirrors the current Goleta City Short Term Rental Ordinance."

Jessica Sessions
805-709-0904

Sent via the Samsung Galaxy S7, an AT&T 4G LTE smartphone