



COUNTY OF SANTA BARBARA
PLANNING AND DEVELOPMENT

MEMORANDUM

TO: Board of Supervisors

FROM: Glenn Russell, Director of Planning & Development

DATE: May 30, 2017

RE: Short-Term Rental Ordinances

This memo is to provide information to your Board related to the potential fiscal impacts of the Short Term Rental (STR) Ordinances. The Planning Commissions' recommended STR Ordinances would only allow STRs in certain commercial, mixed use, and Agriculture II zone districts. If the proposed STR Ordinances are adopted, it is difficult to determine with certainty how many new STRs would be established in the zones where they would be allowed. Long Range Planning Division staff reviewed the TOT Certificates that the Tax Collector issued during Fiscal Year 2015-2016, in order to determine how many existing STRs will be prohibited and how much TOT revenue might be lost, assuming that the Board of Supervisors adopts the proposed STR Ordinances as recommended by the Planning Commission.

As shown in the table below, the Tax Collector issued 535 TOT Certificates, of which (1) 43 (8%) are located in zones where STRs would continue to be allowed and (2) 492 (92%) are located in zones where STRs would be prohibited. Therefore, assuming that the proposed STR Ordinances were in effect during Fiscal Year 2015-2016, and the Tax Collector discontinued the issuance of TOT Certificates for STRs on properties where STRs would be prohibited, it would have resulted in the loss of approximately \$1.5 million in TOT revenue.

Fiscal Year 2015-2016 TOT Certificates and Revenue

	TOT Certificate Totals	TOT Certificates for STRs in Zones Where STRs would be Allowed	TOT Certificates for STRs in Zones Where STRs would be Prohibited
Number of TOT Certificates	535	43 (8%)	492 (92%)
TOT Revenue	\$1,669,810	\$133,584	\$1,536,226

The timing of when the new ordinances would go into effect is also a decision for the Board. Staff recommends that a minimum of nine months be granted between the date of adoption and the effective date of the ordinances. However a longer period may be appropriate based on the time of year relative to peak season for vacation rentals. For example, if the Board were to adopt the recommendations of the Planning Commissions in June of 2017, the effective date could be set for September of 2018 to provide operators sufficient time to come into compliance.