

Public Comment - Group 4

Daly, Julia Rutherford

From: Nena Quiros <nenaq1662@gmail.com>
Sent: Friday, June 02, 2017 4:01 PM
To: sbcob
Subject: If You Want Millennials' Business, Regulate STRs

#1

Attention County Clerk,

I was an airbnb host for 18 months in 2015 & 2016. I rented the master bedroom in my home to travelers, never had a single negative experience, and paid all my taxes.

By far, the vast majority of travelers I hosted were millennials, who now comprise the largest generation in our country. And these millennials I hosted were all on road trips down the CA coast.

If STRs are banned in SB County, these millennials will drive through Santa Barbara and take their business somewhere else along the coast that DOES allow STRs. They prefer to travel this way.

We need STRs for our local economy. They are part of the sharing economy millennials created, and won't go away. In fact, they are only getting more popular.

It's also worth making a distinction between a Vacation Rental and a Home Share. Home shares are what I did because I live on the premises. I am not a hotel.

At least allow those of us who live in our homes, and only rent a room, to operate a short term rental. Other cities and municipalities, like Santa Cruz and Santa Monica, found a way to make it work (not to mention Barcelona, Paris, New York and San Francisco).

- Nena Quiros, resident and home owner

Daly, Julia Rutherford

From: Sybil Rosen <sybilrosen4@gmail.com>
Sent: Friday, June 02, 2017 4:02 PM
To: sbcob
Subject: Fw: Fwd: Why Short Term Rentals Should Be Prohibited

This may be a duplication but not shown on public comment. Was sent originally May 20th.
Thank you

From: Frank Blue <mendes1941@yahoo.com>
Date: June 2, 2017 at 8:42:30 AM GMT+2
To: sbcob@co.santa-barbara.ca.us
Cc: Jessica Metzger <jmetzger@co.santa-barbara.ca.us>
Subject: Fwd: Why Short Term Rentals Should Be Prohibited

Dear Sir or Madam, a check of the public comments on file for the upcoming meeting on STR's reflects that the comment I sent in below (on May 20) is not included. Please DO include my comments with the others and provide them to the BOS.

I submitted comments on this issue to the BOS before and they were not included, inexplicably. Please confirm that these will be/are included.

Thank You, Frank W. Blue

Sent from my iPad

Begin forwarded message:

From: Frank Blue <mendes1941@yahoo.com>
Date: May 20, 2017 at 12:45:59 AM GMT+2
To: sbcob@co.santa-barbara.ca.us
Cc: Jessica Metzger <jmetzger@co.santa-barbara.ca.us>
Subject: Fwd: Why Short Term Rentals Should Be Prohibited

To The Honorable Santa Barbara County Board of Supervisors

From: Frank W. Blue

I am resending my message to you of February 17, 2017 and providing additional commentary as well. Since the BOS directed its staff to study the STR issue, the number of STR's in Montecito has grown - unregulated and unfettered - to the point that Montecito's essential and special character and the integrity of its single family zoned neighborhoods are at risk of being permanently, unalterably and negatively impacted. Whereas only a few score of such properties existed when the study started, there are at least 800, and counting, as of this writing.

In the meantime, some 30 California cities and municipalities have banned STR's. On the other hand, single family residents in Palm Springs neighborhoods have awakened, perhaps too late, to the new, harsh reality facing them: Now, multiple owners run "STR factories," there are no limits on the number of times a year an STR property can be rented as an STR, and any attempt to seek a pause in the continuing spread of the STR virus is beaten back by various financial interests, primarily real estate entities and city council members who represent their interests. Palm Springs residents who seek the pleasures brought by living in single family residential neighborhoods have, in short order, lost control over those neighborhoods.

Without, finally and unequivocally, action by this Board, the Montecito community, and other single family zoned area in the County, will soon be approaching the hinge of fate from which there will be no recovery, just as has occurred in Palm Springs.

Those special interests who are fighting the STR ban seek to change the subject away from the essential issue. They speak about job creation, private property rights, tax revenue enhancement, "good old" American entrepreneurship, the "sharing economy," or the "gig economy" - anything to avoid the essential issue before you Supervisors.

The essential issue here is a zoning issue, and it has ever been thus. The creation of single family zoned areas has been a recognized feature of American life for almost a 100 years. To that end, Santa Barbara County created single family zoned districts in Montecito and elsewhere for the reasons that such districts are always created: prohibited commercial activity in those areas creates adverse impacts on residents, gives rise to increased levels of commercial and residential traffic, parking demand, light and glare, and excessive noise.

Our next door neighbor's property has been an STR since they have owned it (3 years). They have never lived in it as their residence. In those years, scores and scores of families, groups, contingents and other unduly large crowds have made next door "home." That is NOT single family occupancy and is, in and of itself, living proof of the legitimacy of and need for single family residential zoning.

It is no excuse to speak of budget shortfalls and the inability to enforce an STR prohibition. It is no excuse to think in terms of "Found Money" for the County through TOT payments. Any well thought out STR prohibition would attack illegal STR's on all levels: the derelict STR owner, adult STR occupants, aiders and abettors (e.g., real estate agents and other support services), and online advertisers. Armed with subpoena power, the County could enhance and burnish its zoning prerogative, save our residential communities from permanent damage, AND derive revenues from enforcement, not depending on tax dodging STR owners to make up a budget shortfall.

There was no budget shortfall 3 years ago when the County started down this STR trail. Now, the "STR interests" are fervidly acting to change the facts on the ground so that the County will not do what it has long had the right to do (and indeed has already done): Take clarifying action to demonstrate that the single family residential zoned areas in the County are to be used and occupied solely

for what the County says they are to be used: true, single family occupancy with failures to adhere punished by far reaching, systematically enforced penalty provisions.

Finally, I herewith provide one example of how STR interests seek to change the facts on the ground. Herewith I am providing two photos of the STR next door taken last Tuesday morning, May 16th. There are 9 vehicles sprawled in the driveway and on the street. These photos are representative of what we have to endure on a routine basis. The STR next door is a 3 bed room house. Who need beds, when the gang can gather by the pool (20 feet from our property line) and





party, party, party...

Please act now and unequivocally prohibit STR's AND provide for the means of effective enforcement

Frank W. Blue

Sent from my iPad

Begin forwarded message:

From: Frank Blue <mendes1941@yahoo.com>
Date: February 17, 2017 at 2:31:17 PM PST
To: sbcob@co.santa-barbara.ca.us
Cc: Jessica Metzger <jmetzger@co.santa-barbara.ca.us>
Subject: Why Short Term Rentals Should Be Prohibited

To: The Honorable Santa Barbara County Board of Supervisors

From: Frank W. Blue

I own and reside in a single family zoned home in Montecito. My wife and I have been Montecito property owners since 1996 and have resided in our present home (2165 Alisos Drive) for over three and a half years. I am presently on the Board of Directors of the Montecito Association but this communication is being sent to you as a private, extremely concerned citizen.

Within the last year, we noticed that a home about two blocks from ours had occupants who were running a private business on their property. They had a sign on their gate boldly advertising the business's name. Many, many vehicles were haphazardly parked all around the property, and we saw their business advertisements in local newspapers. We complained to the County whose representatives have since sent one or more letters to the suspicious address. This property, a zoned single family Montecito home, was clearly and unquestionably being used in an illegal manner, and it appears that the County's action has met with some success.

Right next door to us, another zoned single family home is likewise being used purely and simply as a business, and just as surely this business must be considered illegal: the business is the Short Term Rental business. This house (call it "House K") was owned by an elderly couple when we moved next door over three years ago. The couple soon passed away and House K was sold to owners who live in the Bay Area and have never used it as their domicile. Save for the months spent on limited renovation, House K has been a Short Term Rental ever since. In that time, at least 50 to 75 different groups have passed through the property, playing host to wedding parties, wedding receptions, Super Bowl parties, pre - Super Bowl parties, hen parties, bachelor parties, and just

plain old fashioned loud parties.

These Short Term Rental occupants and their party guests have arrived in all manner of vehicles, including buses, and have managed to fill the adjacent street to capacity and beyond, paying no apparent attention to where, or how, they parked. Noise, noise and more noise (music, shouts, laughter, screams and plain, unvarnished carousing) was and is the abiding characteristic of these visitors since their focus on being at House K was, and is, straightforward: Having a good time. The locus of "action," unfortunately for us, is the swimming pool that practically abuts our property line.

The disturbances, noise, and traffic created by these partygoers and STR occupants is not all. Since these people come and go with relative rapidity, they are inevitably followed up by real estate rental agents, cleanup crews, plumbers, and the like who set about readying House K for the next invasion.

As I reiterate, House K's owners have never lived in the house and use it purely as an investment vehicle and income generator, an unlicensed small hotel. This activity is just as much an illegal activity, in a single family zoned home, as any other commercial business being operated from such a home.

Each of you Supervisors have no doubt been subjected to a variety of arguments about how "beneficial" Short Term Rentals are to the affected community, its residents, STR homeowners, and affected businesses. I wish to address those main arguments below:

A) "STR'S ARE A GREAT WAY TO MEET NEW PEOPLE."
The truth is that in an STR situation, the homeowner never lives on the property (as is the case with House K) so that it can be ready for occupancy by paying occupants. These absentee owners advertise their homes on Internet sites and hire rental agents for any face to face interaction with occupants. It is true that in most so called "home stay" cases, the owner is on premises and may meet paying visitors. However, a "home stay" is not an STR and the latter has no saving social or other grace. A true STR owner cannot make this quoted argument at all.

B) "STR'S ARE A GREAT WAY FOR OWNERS TO DEFRAY THE COST OF THEIR MORTGAGES AND ALLOW THEM TO KEEP THEIR HOMES." The fallacy here is that, in the true STR case, that home owner for whom we are supposed to have sympathy is NOT EVEN occupying his home. The home, like House K, must be ever ready for short term rental so, ironically, that benighted homeowner is living somewhere else! While one might have sympathy for an owner actually living in his home while trying to make ends meet, why have sympathy to that owner when he gives up his home entirely - finding the wherewithal to

live somewhere else - so that he can rent it out continuously to strangers?

C) "STR'S ARE A GREAT ALTERNATIVE FOR WORKING FAMILIES/FOLKS TO AFFORD A VACATION." House K rents for at least \$600 a night and most STR'S in Montecito are similarly expensive. People who can afford to rent an STR in Montecito can stay just about anywhere. If every Montecito STR disappeared from Air BnB/VRBO tonight, those people who frequent Montecito STR's would not stay home. They would use commercially available accommodation. Montecito STR's, generally speaking, are not affordable for the great majority of this country's vacationers. These STR's are owned by people with money which are made available to people with money.

D) "STR'S CREATE JOBS SO THEY ARE GOOD FOR THE ECONOMY." In the second paragraph of this email above, I discussed the illegal, home centered business that advertised in the local papers. It is true that advertising is the lifeblood of a newspaper but ad revenue received from an illegal business, sustained by that advertising, places no mantle of protection over the revenues derived from a criminal client. In principle, it is great that VRBO, real estate rental agents, landscape service employees, and cleanup crews etc. can make a living. If their income, however, represents fruit from a poisoned tree, it is tainted income - income derived from operating unlicensed, unregulated de facto hotels located in single family zoned neighborhoods - and is not deserving of the County's protection.

E) "STR'S ARE A GREAT SOURCE OF TAX REVENUE TO THE COUNTY." Apart from the fact that most STR owners assiduously avoid paying TOT to the County, this argument has no traction anyway. People visit this area not because of STR's (and it has always been thus) but because this area has attractions that draw people to it. That being so, they will continue to come as they have always come, even if STR's disappeared, but they would find accommodation in commercial establishments that have been here, and that make sure to collect TOT. The City of Santa Barbara has already dealt with this argument, in any case. STR proponents made their case and the City said that tax revenues were beside the point when it was discovered that STR's had a pernicious effect on the character and integrity of city neighborhoods.

I am sure that the Board of Supervisors is being subjected to something of a stage managed assault which is intended to persuade you of the "ground well" of support for STR'S in this County. That assault is supported and actually led by monied interests that have the most to gain by allowing these STR's to continue. That monied support is not, I suspect, from many true STR owners but from those who service STR's for their own profit, e.g., realty firms, Internet host sites and the like. This was

demonstrably the case in other communities across this State, this country and, indeed, across the globe when prohibition/regulation of STR's was up for consideration by governing bodies.

As you and County Staff know, this literally world wide, impressive movement toward STR prohibition/regulation is not being pursued by the monied interests. It is being pursued by communities, neighborhoods - PEOPLE! - who value the peace, tranquility, camaraderie, integrity and character engendered by and within single family zoned residential areas. My home and House K are zoned for single family occupancy. If 75 families (clusters of visitors, actually, who may or may not be families) occupied House K at different times in the last 18 months, how can that be legal? How can that be "single family occupancy" when the owner is never there?

STR's have come to be defined as house rentals of less than 30 days. In reality, most such stays are considerably shorter than 30 days, which serves to drive up the "public nuisance quotient" even higher. STR's are not "home stays" where the owner typically stays on site and rents out a portion of his premises to visitors. "Home stays" need regulating, as well, but they are not at all the same as the true STR. Each need a separate regulatory approach. Further, I am not opposed to long term rentals of single family residences, such periods normally being no less than six months. Such rentals are not inconsistent with zoned single family occupancy.

You as Supervisors must use your Police Power not only to outlaw STR'S, but to also create the means for proper and effective enforcement of a ban. That means attacking not just STR owners but their "enablers" down the food chain: STR occupants, Internet hosting sites and the real estate agents/representatives that provide the lubricant to make this illicit organism work.

FRANK W. BLUE

Sent from my iPad



Virus-free. www.avq.com

Daly, Julia Rutherford

From: greg merrill <mac12g@yahoo.com>
Sent: Friday, June 02, 2017 4:13 PM
To: Williams, Das
Cc: Hartmann, Joan; Wolf, Janet; Adam, Peter; Lavagnino, Steve; STR Santa Barbara; sbcob; jmetzger@countysb.org; Fogg, Mindy
Subject: Re: STR SB County

Dear Mr. Williams:

Thank you for responding to my email with your feelings on the STR issue. Although I appreciate your point of view I would also like to offer some alternative thoughts for your consideration, as it relates to housing stock , homestays, AG approval, and the concept that individuals and corporations will buy up the properties and turn residential neighborhoods into South Lake Tahoe.

Housing stock: individuals that own rental property, as opposed to stocks and bonds or other investment vehicles, will do what they can to generate the optimum amount of income based on market conditions with or without STRs. If STRs are banned they will either go underground, convert to executive rentals (30 days or more), or improve to garner a premium. The County will lose major revenue and actually waste resources policing. For a more sustainable and long term solution the County should consider ***thinking outside the box (i.e. using the incredible tax revenue dollars to develop low to moderate income units for the service industry, first responders, and others that are struggling to live in the area) Long-term solution VS punitive, job killing Band-Aid.***

Homestays: A homestay arrangement could be suitable for a traveling business person, or visiting Professor but is not palatable to a family, or group of couples planning a vacation to the American Riviera. ***These types of folks, of which there are thousands annually, want to rent a home within walking distance of small businesses that happen to be the life's blood of the very person who is struggling to afford housing. Putting them out of business in pursuit of an illusive unit that will magically become vacant at an affordable rate after STRs are banned seems a bit counterintuitive. Long term solution vs. short sighted and punitive measure. (i.e affordable units built with tax revenue dollars)***

AG approval: The majority of travelers, for reasons detailed above, would not choose to rent a unit or room on a horse ranch or farm vs a cottage in town. Thoughtfully regulated AG STRs should be included in the STR basket and be allowed as well but are very minor accommodation to a much bigger demand.

SL Tahoe: South Lake Tahoe has major density issues and clearly does not have the leadership and visionaries on their councils and boards that SB County does.. As long as the County Planners continue to follow their master plan , allowing ***carefully regulated*** STRs will have no ill effects. (if they do down the road...then ban them later)

I understand that it would be an understatement to say that most of the individuals on both sides of this issue are very passionate about their point of views. However, in the end, there are some who would simply like to ban STRs for the simple reason that they do not own one. This is an unfortunate reality but it is my hope that these folks can see the bigger picture and understand that while they

believe they are pursuing an altruistic cause, they are in reality stifling the ability of many others to earn and maintain their livelihoods.

Thoughtful regulation (and affordable housing units subsidized by TOT tax revenue) is the answer and the right thing to do for the long term well being of SB County

Very Truly Yours,

Greg Merrill

From: "Williams, Das"
To: greg merrill
Sent: Thursday, June 1, 2017 5:46 PM
Subject: RE: STR SB County

Thank you for contacting me regarding your support for allowing short term rentals in our County. I have significant concerns about the impact short term rentals might have on the housing stock but do not support a full ban on STRs. I think a ban would be too extreme and I think it would be difficult for our staff to enforce. I've been working hard to get to a solution that allows STRs in some situations while providing the most protection to housing availability. Our community is a popular tourist destination and I don't want to see it become South Lake Tahoe.

I have been consistent in my support for homestays. I'm someone who has struggled to be a homeowner in this community and understand the need to have options to supplement your income to stay here. I'm also open to considering supporting rentals in agriculture-zoned parcels larger than 5 acres that would have a limited impact on the area around them. However, I don't support allowing STRs in situations that would encourage individuals or companies to purchase homes for the sole purpose of renting them out to vacationers. I would do anything to increase our housing stock by even 100 units.

I have tried to approach this issue thoughtfully and to be considerate of the different situations people who have a short term rental see themselves in. I hope I have your trust that I am trying to find the best solution possible.

From: greg merrill [mailto:mac12g@yahoo.com]
Sent: Wednesday, May 31, 2017 10:15 AM
To: Williams, Das ; Wolf, Janet ; Hartmann, Joan ; Adam, Peter ; Lavagnino, Steve ; sbcob
Subject: Fw: STR SB County

TO: Santa Barbara County Board of Supervisors:

As a concerned tax payer and citizen I am writing you today in support of STRs being allowed within the residential neighborhoods of SB County. I offer a unique perspective as my experience as both a past, "above board", owner of a STR in SB , as well as a local property owner who lives next door to a home which was once operated as a "loosely supervised" STR. I have also attended all the past hearings for the City ordinance as well as the last County hearing in Santa Maria.

While I sympathize and also agree with many of the concerns and complaints of those on the "against" side, I also strongly feel the benefits of STRs far out weigh the negativesWITH the vital caveat that a common sense set of guidelines be set forth and enforced. (I.E. If an operator fails to adhere to said guides they lose their license to operate under a 3 strikes system) The situation in the city provides an ideal opportunity to see the ill effects of their ban:

1) Millions in lost potential revenue (TOT)

- 2) Sending the message to today's progressive vacationers that SB is closed for business (millions more in lost economic stimulus)
- 3) adding to other factors and ensuring the extinction of the small retailer (lower state shuttered)
- 4) Badly needed rental income (for many) to afford to live in SB was lost.
- 5) neighborhoods are no better off and a case could be made for the opposite.

There are many reasons why DT Santa Barbara is experiencing a rash of recent store closings while lower State st. is falling into disarray. The Homeless situation, unrealistic retail property owners, online retail competition are all valid contributing factors. I concede that some of these factors may not apply to the County situation. However, the reality that millions of dollars of lost retail revenue has resulted from the elimination of STRs in SB is irrefutable. If the same thing is allowed to happen in the County, it will be the kiss of death to towns like Los Olivos, Los Alamos, SY, and countless others that rely on the weekend traveler who supports local business. Today's modern vacation traveler does not want to stay on an AG property or in a C zone in Buelton. They want to walk to a shop, a wine room, and to enjoy a meal. Hotels serve an important niche and will continue to do so. However, families and groups coming to the area would prefer to have the more economical and "homey" choice of renting a home.

I could go on but the main point I would like to convey is that there is a middle ground where all concerned parties can be accommodated. It all comes down to a common sense set of rules that must be adhered to. When I operated my property in SB, I had each traveler sign a detailed lease and set of house rules. It was clear that any violation of a "house rule" (i.e. noise ordinance, max. occupants, pets, smoking) results in the automatic forfeiture of the 1-2k security deposit. I also went to all my surrounding neighbors and gave them my phone number with a friendly suggestion that they call me if there is an issue. I never had one complaint and we received 5 stars from our guests. The possibility of peaceful coexistence coupled with a bounty of new County revenue is sitting on the table. It is my sincere hope that the County Board of Supervisors will strongly consider the bigger picture and seize the opportunity that the City of SB has squandered. I ask you to please craft some guidelines and allow for progressive change to continue in SB County.

Respectfully Yours,

Greg Merrill

Daly, Julia Rutherford

From: Bob Field <bfield@trytorelax.org>
Sent: Friday, June 02, 2017 4:30 PM
To: sbcob
Subject: Submittal for Item # D-1, Short term rental
Attachments: Vacation Rental Compatible Use[1].pdf; APAC's letter re Short Term Rentals.pdf

Hello — Please submit the e-mail below along with the two attachments to the full Board of Supervisors in advance of their June 6, 2017 meeting.

Thank you Bob Field Santa Ynez

Honorable Supervisors,

Attached are two very significant letters that should be read and understood prior to taking action on Short-term rentals on AG-II zoned properties — both those under Williamson Act contracts and those that are not:

1) a letter to Santa Barbara County from the Department of Conservation on the subject of STR on contracted lands, which expresses strong concerns about the activity and its impacts on agriculture, raises doubts about it as a “compatible use”, and urges caution in allowing the activity, and

2) a letter from the County’s Agricultural Preserve Advisory Committee (APAC), which after reviewing the letter from the DOC and considering the matter carefully voted unanimously (5:0) to find that it is “. . . not a compatible use on contracted lands according to the *Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones* (Uniform Rules).

The APAC letter also Says: “The APAC is also concerned about potential impacts of allowing STRs on non-contracted agricultural lands. STRs can be very lucrative and the potential economic return could be an incentive for landowners to non-renew their agricultural preserve contracts to pursue this use on non-contracted lands.”

For easy reference, the APAC members are Board appointed and include representatives from:

- > Agricultural Commissioner’s Office (Chair)
- > Planning and Development
- > Assessor’s office
- > County Surveyor Office
- > San Luis Obispo Cooperative Extension

These letters contain material information to inform your discussions and deliberations.

Respectfully,

Bob Field
Santa Ynez



State of California • Natural Resources Agency
Department of Conservation
Division of Land Resource Protection
801 K Street • MS 18-01
Sacramento, CA 95814
(916) 324-0850 • FAX (916) 327-3430

Edmund G. Brown Jr., *Governor*
John M. Lowrie, *Assistant Director*

November 18, 2015

VIA EMAIL: GRUSSELL@CO.SANTA-BARBARA.CA.US

Mr. Glenn S. Russell, PhD., RPA
Director, Planning and Development
President California County Planning Directors Association
County of Santa Barbara
123 Anapamu Street
Santa Barbara, CA 93101-2030

Dear Mr. Russell:

SHORT TERM "VACATION RENTALS" AS COMPATIBLE USE ON WILLIAMSON ACT CONTRACTED LAND

Santa Barbara County (County) has asked the Department of Conservation (Department) to comment on the issue of vacation rentals as a "compatible use" on land restricted under Williamson Act contracts. Specifically the request is in regard to renting of the main dwelling on an agricultural property. The Department offers the following discussion on compatible use as it relates to the Williamson Act.

In recent years there have been expanding opportunities for farmers and ranchers to utilize their land for adjunct non-agricultural commercial uses, as a means of broadening their income base. These uses are typically in addition to their agricultural and open-space uses. While some of these opportunities may be compatible with agricultural and open space use of the land, many proposed uses have the potential to displace or impair the property's agricultural productivity or open space character. The County's concern with short term vacation rentals is an example of one of the recent issues regarding compatible uses on Williamson Act contracted lands.

In summary, a use is compatible with a Williamson Act contract only if it does not compromise, displace or impair the agricultural use of the land or otherwise interfere with the land's devotion to agricultural use. However, the Williamson Act affords cities, counties and landowners latitude in determining whether a use is compatible with Williamson Act contracted land. Consequently, determining compatibility is a highly fact-specific analysis that encompasses a variety of factors.

Government Code § 51242 enables local governments to enter into Williamson Act contracts on land that is devoted to agricultural use and located in an area designated as an agricultural preserve. In return, restricted parcels are assessed for property tax purposes at a rate consistent with their actual agricultural and/or open space use, as opposed to potential market value. Because the Williamson Act provides a preferential tax assessment on contracted land in exchange for limiting the land to agricultural uses, any use other than the agricultural or open space use for which the property was placed under contract must be found to be compatible.

Typically, compatible uses are divided between activities that are clearly related to agricultural operations (such as vineyards or animal grazing), and those that require a special use permit (such

as permanent roadside stands or wine tasting venues). The latter examples promote the sale of agricultural products produced on-site (such as wine and cheese), and are commonly termed 'agritourism'. The potential of an educational opportunity for consumers regarding where their food and fiber comes from may exist if agritourism uses are executed with sensitivity.

The Department supports the activities of an agribusiness venture on land under a Williamson Act contract as long as the marketing events support and promote the agriculture commodity being grown on the premises. Once events begin to overtake the main venture, or feature products not produced on the property, they no longer reflect the agricultural intent of the Williamson Act and become incompatible with the statute.

The level of discretion that counties have in regard to agritourism on Williamson Act enrolled land has not been settled and remains open to interpretation. The Department takes a conservative approach, recommending partial nonrenewal for land that would house the infrastructure hosting large events or those where questions regarding the source of the items for sale could occur. This would distinguish that the tax benefits to the landowner for the production of food or fiber, and the conservation of agricultural land, are not extended to uses that could occur in nonagricultural settings.

In regard to the exclusive use of a principle residence as a "vacation rental," the Department's interpretation of compatible use is reflected in Santa Barbara County's Uniform Rules for Agricultural Preserves and Farmland Security Zones, where it states:

Uniform Rule 2: Compatible Uses within Agricultural Preserves

Land enrolled in the Agricultural Preserve Program is to be used principally for commercial agricultural production, with the exception of land enrolled for open space or recreational purposes. However, the Board recognizes that it may be appropriate to allow secondary uses on contracted land that are either incidental to, or supportive of, the agricultural operation on the property. This Rule provides guidance and criteria for evaluating these uses on land under Williamson Act and Farmland Security Zone contracts in terms of their compatibility and consistency with the purpose and intent of the Williamson Act. It is the goal of this County that, through application of the principles of compatibility in the Act, compatible uses allowed on contracted land will be beneficial to and inherently related to the agricultural use of the land.

In 1999 the Legislature spoke to the limitations upon compatible uses. In un-codified language adopted in Chapter 1018 of the statutes of 1999, the Legislature declared: "The latitude provided by the Williamson Act to participating local governments is not, and has never been, so great as to make uses that are not inherently related to, or beneficial to, the agricultural or open-space character of contracted land permissible under the compatible use provisions of the Williamson Act."

Department Recommendations and Conclusions

The Department recommends that any short term vacation rentals of the principle residence be limited in scope, and be allowable only if the landowner is on site to manage the agricultural

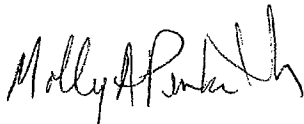
Mr. Russell
November 18, 2015
Page 3 of 3

operations. Short term rentals, with examples such as Airbnb¹ or VRBO², take on a number of forms, including partial and full house rentals. A limited use arrangement would be analogous to a bed and breakfast, with the renter having a specified footprint within the house. The overall number of days that the rental can occur should be restricted so as to ensure it remains incidental to the agricultural uses on the property.

The Department cautions that if the primary residence is rented for most or all of the year, the connection between its use and the agricultural operation is lessened to the point that a determination of compatibility is highly unlikely. Although the landowner could file for nonrenewal or partial cancellation for the portion of the property where the residence is located, that outcome may open the door for landowners to request additional conditional uses that future diverge from the surrounding agricultural operation. For this reason, the Department recommends that any allowance for vacation rental of the primary residence remain limited in scope and duration.

Thank you for giving us the opportunity to comment on compatible use as it relates to the Williamson Act. Please provide this Department with notices of any future hearing dates as well as any staff reports pertaining to this project. If you have any questions regarding our comments, please contact Farl Grundy, Environmental Planner at (916) 324-7347 or via email at Farl.Grundy@conservation.ca.gov.

Sincerely,



Molly A. Penberth, Manager
Division of Land Resource Protection
Conservation Support Unit

¹ www.airbnb.com

² <http://www.vrbo.com/>

COUNTY OF SANTA BARBARA

Debbie Trupe
Chair



123 E. Anapamu St.
Santa Barbara, CA 93101
Telephone: (805) 568-2000

AGRICULTURAL PRESERVE ADVISORY COMMITTEE

February 8, 2016

Santa Barbara County Planning Commission
123 East Anapamu Street
Santa Barbara, CA 93101

Re: Short Term Rentals on Agricultural Preserve Contracted Land

On February 5, 2016, the Agricultural Preserve Advisory Committee (APAC) unanimously voted that Short Term Rentals (STRs) are not a compatible use on contracted lands according to the *Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones* (Uniform Rules). Land enrolled in the Agricultural Preserve Program must be principally used for commercial agriculture, and compatible activities should be supportive to that agriculture. The APAC is concerned that a commercial, non-agricultural use such as STRs can result in temporary increases in population and agriculture/urban conflicts impacting on-site and adjacent agricultural operations. Additional concerns include the lack of enforcement to monitor and enforce potential restrictions (e.g. limiting the number of rental days and owner requirements to be on the premises during the rental period) to ensure the short term rental remains incidental to the principal agricultural use of the land.

The APAC is also concerned about potential impacts of allowing STRs on non-contracted agricultural lands. STRs can be very lucrative and the potential economic return could be an incentive for landowners to non-renew their agricultural preserve contracts to pursue this use on non-contracted lands.

The APAC recognizes that opportunities exist for additional revenue streams that could be supportive of the primary agricultural use of the land. If the County Planning Commission is interested in new agri-tourism lodging uses on agricultural land, the APAC recommends the County consider these uses as part of the Gaviota Coast Plan and Agricultural Permit Streamlining projects instead of in isolation as part of STR ordinance.

The Gaviota Coast Plan Agricultural Tiered Permit Structure and Agricultural Permit Streamlining project are two planning efforts which would broaden and expand allowable uses

(both agricultural support and non-agricultural uses) on agricultural land. Both projects propose a new agri-tourism lodging opportunity to allow a small-scale guest ranch/farmstay to encourage overnight stays on farms and ranches where agricultural production is the primary source of income.

Truly yours,

A handwritten signature in black ink, appearing to read "D. Trupe". The signature is fluid and cursive, with a large initial "D" and a long, sweeping underline.

Debbie Trupe, Chair,
Agricultural Preserve Advisory Committee

Cc: Agricultural Preserve Advisory Committee members

Daly, Julia Rutherford

From: michael anderson <michaelclacton@yahoo.com>
Sent: Saturday, June 03, 2017 3:29 AM
To: Hartmann, Joan
Cc: Williams, Das; Wolf, Janet; Lavagnino, Steve; sbcob
Subject: In favor of S.T.R.s. Their benefits to Santa Barbara. A personal perspective
Attachments: Michael Anderson letter to Board of Sups 2.docx

Dear Board, please see attached

Michael Anderson
2255 Las Canoas Rd
Santa Barbara, CA. 93105

June 3 2017

Dear County Board of Supervisors,

I am currently overseas staying in a short term vacation rental home so that my whole family can be together. Our group includes me, my wife, two of my grown children, their partners and two small grandchildren. We cook meals here in the rented house and eat together. Hotels are not a substitute. Not only would it be beyond our financial reach but we would be spread out in four separate hotel rooms.

We've bought all our groceries and supplies locally. We've rented bicycles. We've visited local cafes and restaurants. We've bought items of clothing. We've paid for museum entrance fees. Some of our group have attended a concert and visited local bars.

My wife and I own a large family house on 1.8 acres in Mission Canyon. We stay in it when it's not rented and like to keep it available for our visiting family members. For several months of the year we rent it as a vacation home, as we have done since 2001. We are now a retired couple and the income helps us retain our family home.

We have learnt from experience to vet all potential guests very carefully. We are able to stay on our property when renters are present. We require a large security deposit which could be forfeited if guests do not adhere to our extensive rental agreement which they have signed. Luckily we have an excellent property manager who looks after everything should we go away.

We have paid the TOT since inception. If the County pursued the proper collection of this valuable revenue from all short term rentals it could benefit many much needed programs in the county.

Should the County ban short term rentals, this would make Santa Barbara an impossible vacation destination for groups, and send out a very negative message about an, only-for-the-rich-and-elderly, exclusionary, unwelcoming Santa Barbara.

We have had countless groups of people staying to attend weddings and various functions. Many businesses are the beneficiaries of this from wedding venues, caterers, restaurants, hair and make -up specialists, photographers, florists, etc.

Banning STRs might please a small, vocal (sometimes well –funded eg Montecito) group of mean-spirited naysayers and vengeful neighbors, but will do incalculable harm to Santa Barbara's businesses and STR home owners.

I would agree people/companies owning several properties exclusively for the use of STRs is exploitative and does restrict the rental market. I am not in favor of that. I hope the Board of Supervisors recognizes the difference between this group and those property owners trying to stay in their own homes. Simple regulations and an effective collection of the TOT would be the most equitable solution.

Yours,

Michael Anderson.

Daly, Julia Rutherford

From: Andy Caldwell <andy@colabsbc.org>
Sent: Saturday, June 03, 2017 5:37 AM
To: Williams, Das; Adam, Peter; Lavagnino, Steve; Wolf, Janet; Hartmann, Joan
Cc: Miyasato, Mona; sbcob
Subject: Short term Rental Comment Letter from COLAB

Importance: High

Dear Chair Hartmann and Honorable Supervisors,

Please consider these comments in your deliberations concerning short term rentals at your meeting on June 6, 2017.

As you are painfully aware, the county is dealing with a severe budget crisis. We believe the board should be actively permitting every imaginable revenue source, within reason, to enable the county to withstand the fiscal crisis including the TOT revenue generated by short term rentals.

Having said that, we acknowledge that relatively few bad actors have tempted the board to shut down this sector of our economy altogether, which in our opinion would be a mistake.

From what I have gathered from watching previous hearings on this subject, I believe there are only a handful of properties in the unincorporated area of the county that have garnered negative attention. We believe that is insufficient reason to ban the rentals in their entirety or throughout much of the region!

We encourage the Board of Supervisors to consider a key principle having to do with the concept of limited government, that having to do with the demonstration of compelling need to interfere with the free market and private property rights.

We believe the county can ensure the tranquility and safety of the community by regulating rather than prohibiting short term rentals as other communities have done.

Requiring as a condition of operation certain safeguards and protocols to be in place will protect the neighbors from noise, traffic and other nuisance concerns. These would include 24 hour on call oversight, time limits on outside activities and excessive noise, parking restrictions, etc.. Any property owner who allows their tenants to violate said rules would lose their ability to participate in the STR sector.

As is the case with the proposed Good Neighbor Policy having to do with events on private property, we believe that the board can create controls, based on sound objective standards, that will serve to abate nuisances, while allowing our economy to grow and prosper.

Thank you for consideration of these comments.

Andy Caldwell
COLAB

Daly, Julia Rutherford

From: John Raffo <jaraffo@gmail.com>
Sent: Saturday, June 03, 2017 8:11 AM
To: sbcob
Subject: Short term rentals

We own a five acre ranch with two legal residences in Los Olivos. One house is a very small, 1960's log cabin. When we bought the property in 2011 it was empty and unused. We listed it on VRBO in 2012 and it has become a valuable source of income. We screen and limit the number of visitors to 4, we don't allow parties, and never rent out the cabin when we are not present. We scrupulously pay the bed tax and report the income on our state and federal tax returns. Our property is zoned "Ag 1" and the cabin is over 100 yards from the nearest neighbor. We've NEVER had a single complaint.

Our vrbo-ers are cyclists, wine-lovers, hikers, people who appreciate the things a house offers (over a hotel room): kitchen, laundry, private yard, fireplaces, etc. Our visitors spend HUGE amounts of money at the wineries, shops and local restaurants. It's absurd that the county would ban an industry that has generated millions in taxes and benefits almost everyone. Los Olivos has one hotel, with a total of nineteen rooms. The hotel is very expensive and always full. We are a valuable alternative.

Los Olivos is a special place, but its not cheap to live here. We've found renting our cabin/second unit has become an essential piece of our financial plan... it's not cheap to live on five acres in Los Olivos: Our real estate taxes are more than \$13,000 per year, our water bill average \$4000 or more (and that's going up, thirty percent over the next three years), insurance (for both houses) is more than \$5,000. We estimate that general maintenance, tree care, landscaping at around \$10,000 annually and some years it's more.

We do manage to make a profit and we share that (through income tax) with the Federal government, the state government, and the county. More importantly since 2012 we have paid well over \$20,000 dollars in "bed tax" (and with the TOT at 12%, it will soon be more).

If the planning commission decides to ban STR's they also must consider the impact on the real estate market. Our property will certainly be affected in the negative... and we may very well have to consider selling. We've seen enough damage to our property values in the last ten years without the county contributing to that bit of misery.

We also see the planning commission's previous decision regarding a division between Ag-one and Ag-two lots (in terms of STR's) as completely arbitrary and unfair.

The answer isn't to eliminate STR's but to carefully regulate the industry. Consider them on a case-to-case basis. Make sure the rentals are fit for habitation, charge adequate taxes, invest the surplus income in programs for the homeless or low income housing, look at the programs in use in Paris, Santa Monica, San Francisco and use them as models.

We know there are people abuse the system by renting illegally converted garages or rooms in their homes. There are people who don't pay TOT taxes. We also think STR's should be carefully looked at in residential zones. We think "party houses" are inappropriate in our community and should be eliminated either by limiting the number of visitors in each rental or by regulating the number of days in the year a house can be rented.

An outright ban on STR's is regressive and draconian, the decision to limit the STR's to "Ag 2" is arbitrary and unfair.

Sincerely,

John Raffo

PO Box 485

Los Olivos, CA

Daly, Julia Rutherford

From: Mark D'alfonso <mrdgr5@aol.com>
Sent: Saturday, June 03, 2017 10:42 AM
To: sbcob
Subject: Short Term Rentals in Santa Barbara County

Dear Members of the Board of Supervisors:

Thank you for the opportunity to comment on the topic of Short Term Rentals in our Mission Canyon neighborhood. I have lived in Mission Canyon for thirty-four years. When our home and possessions burned in the Jesusita Fire, we rebuilt, allocating our entire personal property insurance settlement to help cover the high cost of rebuilding in Mission Canyon. As I am sure you are aware, this was not an uncommon scenario. The primary reason I am opposed to short term rentals is that this practice significantly changes the function and character of our neighborhood. Short term renters are ordinarily persons traveling to or through Santa Barbara for pleasure; essentially tourists, who understandably spend their indoor and outdoor time in our community in ways unsuited for areas where families are seeking to put children to bed in the evenings and work, study, or tend to household needs during the day. Past experience, as well as logical, obvious projection of the future, indicate that property values, and more importantly, quiet use and enjoyment of our residences and neighborhood, is threatened by short term rentals which profoundly change the nature and quality of life in Mission Canyon.

Daly, Julia Rutherford

From: JOHN POITRAS <jake@batnet.com>
Sent: Saturday, June 03, 2017 2:49 PM
To: sbcob
Subject: Comments submitted to BOS 6/6/17 in re Short Term Rental
Attachments: Vacation Homes Becoming More Common in Many Parts of California.pdf; ATT00001.htm

Dear Supervisors,

I have experienced the adverse impacts of short term rentals (STR's) first hand, and after seventeen years as a residential property owner in the

Santa Ynez Valley, I can attest to the fact that STR's have dramatically altered the character of the Valley. This commercial activity has overrun lovely

Los Olivos and is now encroaching on our agricultural lands.

The growth of STR's has been explosive and is apparently continuing at an even faster rate.

Attached is a very important paper from the California Legislative Analyst's Office, a non-partisan fiscal and policy advisor to our State government,

which includes this shocking statement: “. . .**the share of housing used for vacation purpose increased by more than 50 percent in Los Angeles,**

Santa Barbara, and San Luis Obispo.”

Please save our residential communities and vote to ban STR's of whole houses in our Residential and Agricultural zones.

Please also ban “homestays” as they as they have been proven to be unenforceable loopholes, undermining attempts to stop conversion of our

housing to de facto motels for tourists.

Respectfully,

John K. Poitras
Santa Ynez

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Vacation Homes Becoming More Common in Many Parts of California

September 10, 2015

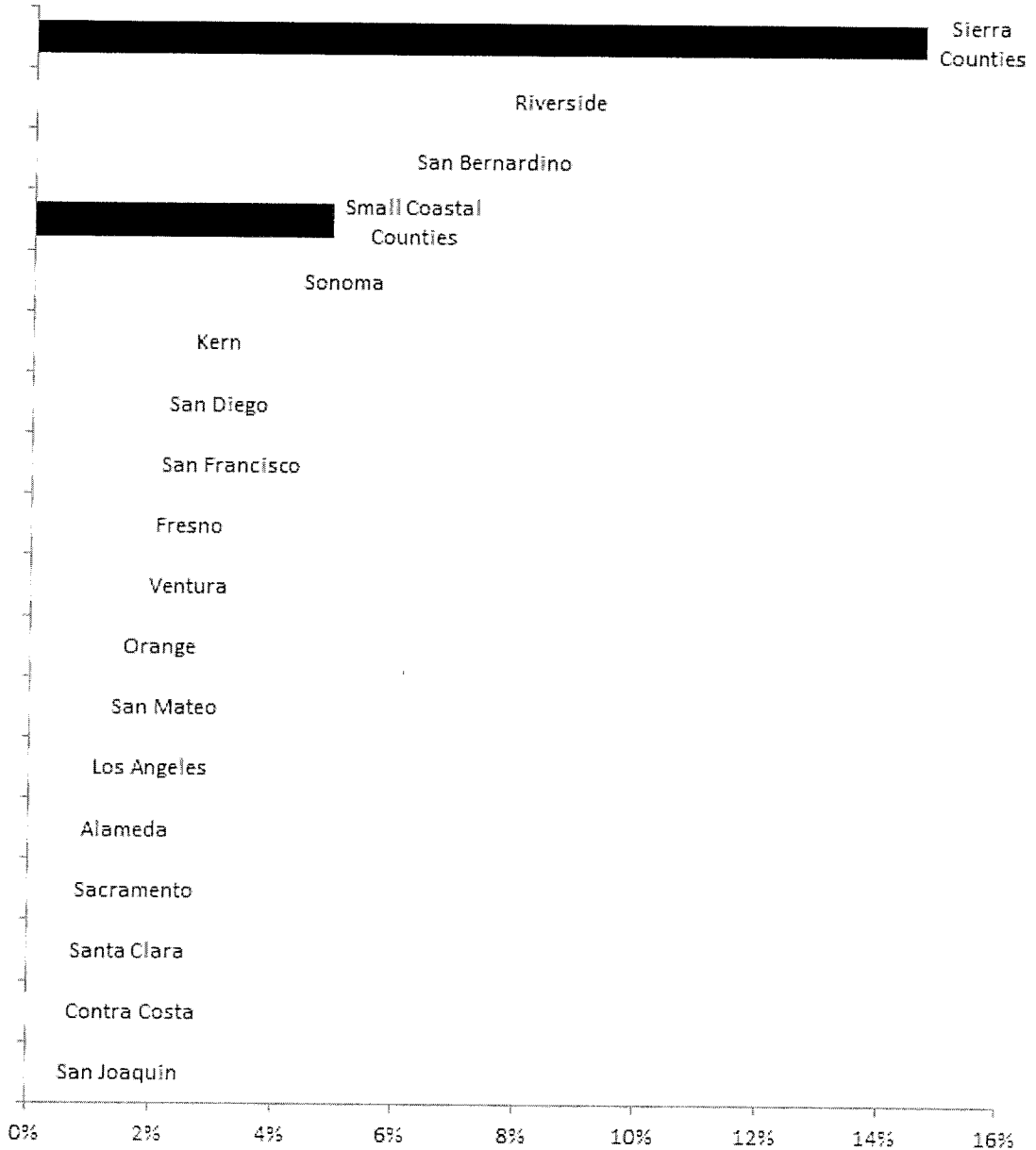
 Brian Uhler

The rising popularity of short-term rental websites such as Airbnb and HomeAway has increased interest in the role of vacation homes in California communities. This post uses American Community Survey (ACS) data to look at county-level trends in vacation homes across California. (We look at only the state's 46 largest counties due to data limitations.) Vacation homes generally represent only a small share of all housing in most counties, with the smallest shares typically found in large urban areas and the largest shares in rural mountain and coastal areas. In most areas of the state, however, the share of housing used for vacationing has grown significantly in recent years.

What Is a Vacation Home? The U.S. Census classifies as a “vacation home” a housing unit that is used primarily for seasonal, recreation, or occasional purposes. This definition of vacation homes does not capture homes that typically are used as a primary residence but are rented for short periods throughout the year.

Vacation Homes More Prevalent in Rural Areas

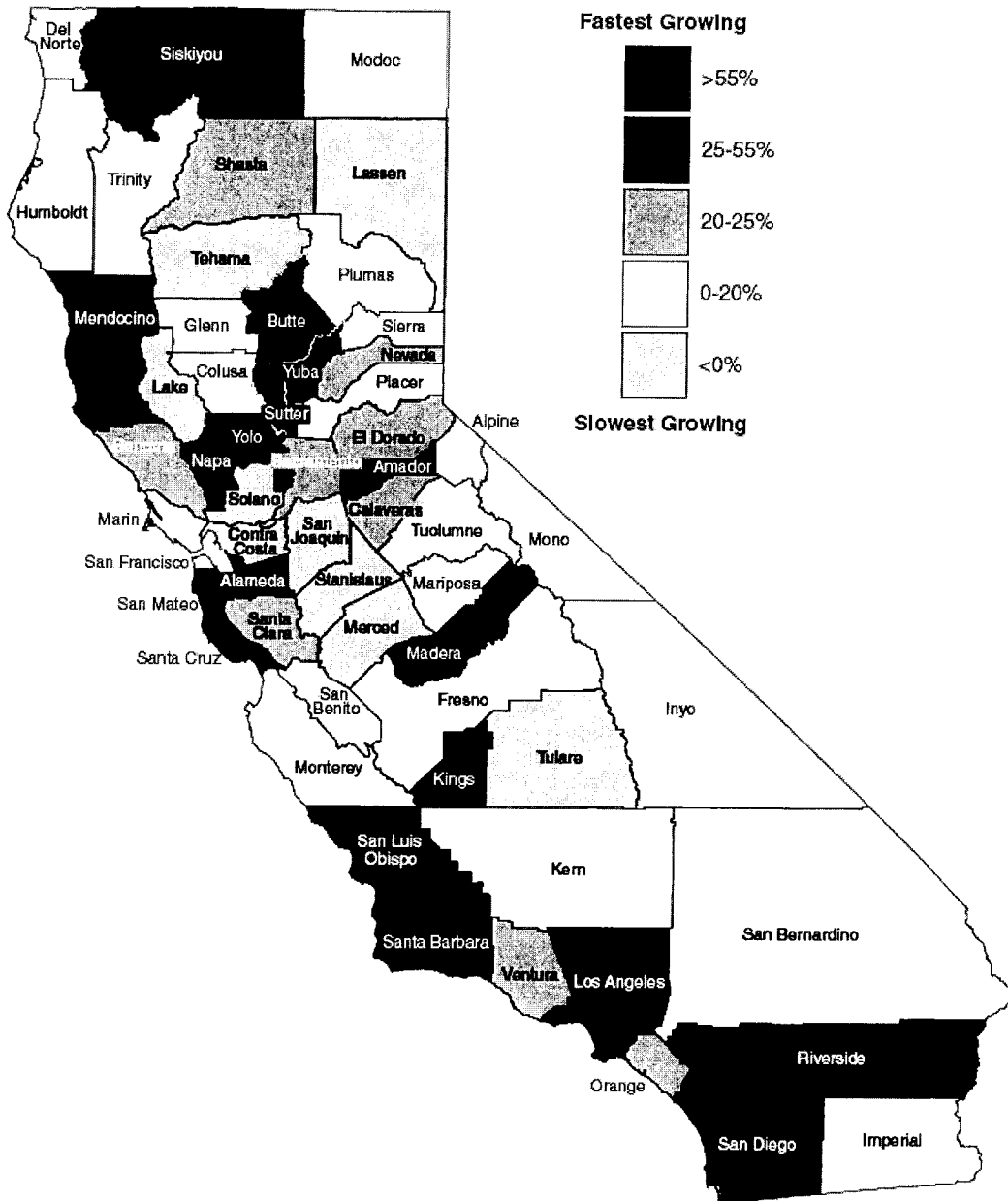
Vacation homes as a share of all housing units, 2011-13



Vacation Homes Only a Small Share of Housing in Urban Areas. In three-quarters of large urban counties, less than 2 percent of the housing stock is dedicated to vacation uses. Notable exceptions are Riverside (8 percent), San Bernardino (6 percent) and Sonoma (4 percent). In contrast, as the figure above shows, vacation homes make up between 8 and 30 percent of the housing stock in smaller mountain counties (Amador, Calaveras, El Dorado, Nevada, Placer and Tuolumne) and between 3 and 8 percent in smaller coastal counties (Humboldt, Marin, Mendocino, Monterey, Napa, San Luis Obispo, Santa Barbara, and Santa Cruz).

Vacation Housing Growing Quickly in Most of the State

Growth in share of all housing used for vacation purposes between 2005-2007 and 2011-2013



Vacation Homes Have Been Growing Faster Than Overall Housing Stock in Most Areas.

Vacation homes grew faster than the overall housing stock in four-fifths of counties in recent years. As a result, about 2.5 percent of houses statewide were used for vacationing during the period 2011-2013, compared to only 2 percent between 2005-07, a 25 percent increase. In some counties, this increase was even greater. For example, the share of housing used for vacation purposes increased by more than 50 percent in Los Angeles, Santa Barbara, and San Luis Obispo. Despite these recent increases, vacation homes continue to make up a small minority of the housing stock in most counties.

Many Factors Likely Play a Role in Growth of Vacation Homes. Several explanations have been

offered for the growing popularity of vacation homes. Some have argued that websites like Airbnb have made owning and renting vacation homes easier and more profitable. Others point to improving incomes among wealthy households, an influx of foreign buyers, and a growing population of baby boomers nearing retirement. It is likely that all of these factors—and others—play a role in explaining the recent growth of vacation homes.

A subsequent post provides an update based on 2014 American Community Survey data.

◆ Housing



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925 L Street, Suite 1000 Sacramento, CA 95814 | (916) 445-4656

Daly, Julia Rutherford

From: Veronica Koch <vlv2@hotmail.com>
Sent: Saturday, June 03, 2017 4:11 PM
To: Hartmann, Joan
Cc: sbcob
Subject: STRs in Santa Barbara

Dear Joan Hartmann,

I am writing to you to urge you to not prohibit STRs in Residential Zones. We have elderly grandparents in Santa Barbara and we routinely have members of our family taking turns traveling to Santa Barbara in order to assist/visit them. The retirement housing that they live in will not accommodate the visitors over night. As a visitor, we rely on STRs for affordable overnight accommodations in Santa Barbara – especially with a family – and would not be able to afford to visit, or stay as long, if they are banned. We often use the STR location as the common gathering location so that the family has room to comfortably visit, move around and catch up with each other as there is more room at the STR than at the retirement housing. We travel down from Washington state a minimum of once per year and aim for twice a year, each time staying in the area about a week. Not being able to stay at the STR will reduce the amount of time we can visit as we will not be able to afford the costs associated with having multiple hotel rooms for the length of time that we like to stay when we make the trip.

Thanks you for reading my letter and for considering not prohibiting STRs in Residential Zones.

Sincerely,

Veronica Koch

Sent from Outlook

Daly, Julia Rutherford

From: Charlene Huston <charmadillo@me.com>
Sent: Saturday, June 03, 2017 4:28 PM
To: Hartmann, Joan
Cc: sbcob
Subject: SAVE STRs IN SB COUNTY

June 3, 2017

TO: Santa Barbara County Board of Supervisors
FR: Charlene Huston
900 Mission Canyon Road
Santa Barbara, CA 93105

via email from: charmadillo@me.com

RE: Short Term Rentals in Santa Barbara County

“Go often to the house of thy neighbor for weeds soon choke the unused path.”

I was born in Santa Barbara on one of the only days it actually snowed. It's true. January 24, 1957. The story goes something like this - my parents lived and worked in Isla Vista: my father was building the UCSB campus and my mom was taking care of my two brothers. That was 60 years ago and today, I am writing you to urge you to **please allow vacation rentals in the County of Santa Barbara.**

Santa Barbara is a unique place that is rapidly changing. There is more traffic and many of our beloved landscapes are vanishing. Still, people flock here to visit ... every day of the year.

Many come to visit their kids who are enrolled in local schools and universities. Many come to enjoy our weather, beaches, culinary experiences and growing local wine industry. The Funk Zone is now a destination. Many people come for medical reasons - whether as patient or visiting nurse.

I have followed the short term rental (STR) battles for a few years now and feel that there is much to be learned about world peace and being good neighbors from this process.

Visiting Nurses come to Santa Barbara in droves because we do not have enough local nurses to care for our families, neighbors, friends and yes, visitors.

Benedictine friars open their homes to visiting strangers and this is how we get to know one another.

Vacationers have been coming here for a variety of reasons for many, many years.

On Tuesday, June 6th, you will hear testimony from the public upon a recommendation from the Planning Commission to all but BAN all STRs in the County of Santa Barbara.

Recent bans on vacation rentals by the City Council, are my opinion, very short-sighted.

We are all visitors here ... having taken the lands from the native Chumash who lived and worked here very happily for many years before the Spanish conquistadors and Father Junipero Serra arrived on the scene and all but obliterated their peaceful, sustainable ways of life.

I believe there are a number of reasons vacation rentals should be allowed and regulated in our fair land ... and the possibility of world peace is very high on my agenda.

When we know our neighbors and take the time to find out more about them, we are less likely to be at war with them. Borrowing a cup of sugar may have gone out of fashion ... but when was the last time you knocked on your neighbor's door just to say "hi, what's up?"

At the various meetings on this subject that I've attended, many people spoke about how renting to visitors has enriched their lives and put much needed money into the pockets of our local economy. People visit. They eat at local restaurants, attend cultural events, shop and buy local wines, paintings and other things.

I would also like to offer my perspective as a Film Producer ... When a responsible production company rolls into a town, neighborhood, or an area wanting to fulfill a Director's vision by shooting 'on location', there are numerous opportunities for walking through a neighborhood and getting to know the neighbors ... some are invited onto the set, some are paid off, some are offered dinners out - the multitude of solutions are often as creative as can be imagined. The key point is that timely, clear communication and dialogue often results in a situation where everyone gives a little to get a lot. STRs have been successfully regulated in other jurisdictions. **Do a test of regulations before you dismiss the idea that they cannot be regulated**

If the Santa Barbara County Board of Supervisors goes along with the recommendation of the Planning Commission, we will lose close to \$6 million in County bed tax revenue. Can you imagine how that money could be spent fixing our roads, enhancing educational opportunities for our youth and addressing the County's large budget deficit?

I can and it is a beautiful thing ... so, **PLEASE DO NOT PROHIBIT STRs in the County of Santa Barbara.**

Thank you for considering my comments.

Daly, Julia Rutherford

From: kevonz@comcast.net
Sent: Saturday, June 03, 2017 8:20 PM
To: sbcob
Cc: kevonz@comcast.net; rritchhart
Subject: STR Public Comments

Board of Supervisors,

It has been brought to our attention that a meeting has been set for June 6 to decide the fate of short-term rentals less than 30 days in Santa Barbara County. We would like to go on record in opposition to rental restrictions. Restricting short-term rentals to a minimum of 30 days would have a direct impact on our plans for retirement. We thought long and hard about where we would like to retire and how we could achieve that goal. We explored many areas of the country and chose Santa Barbara for many reasons that I am sure are obvious to you. But, in order to make this work for us, the destination for retirement had to include the ability for the investment in real estate to help pay for itself until such time we could retire in Santa Barbara. Hence, our choice to buy land (in the fire zone, Mission Canyon) and employ local architects and builder to construct from ground up, was based upon our ability to accommodate short-term rentals less than 30 days while getting to enjoy our "vacation" home along the way. Taking away a major portion of our revenue stream would put our dream for retirement in Santa Barbara in jeopardy and could result in a forced sale based upon a potential change in short-term rental governance that was NOT in place when we made the decision to purchase land, subsequently build a 2,800 sq. ft. home on an acre lot in the county, and share it with the vacation rental market through Invited Homes local Santa Barbara vacation rental agency. Restricting rentals to 30 day minimums would also impact our ability to enjoy the property on a more frequent basis. Our dream to begin enjoying our home in Santa Barbara just began upon its completion just months ago. This was a major investment in our plans to eventually live permanently in Santa Barbara and was made based upon the fact that there were no rental restrictions. We, too, understand that the minimum 30 day rental restriction in Santa Barbara city limits has reduced revenue streams on the vacation rental properties located within the City. Our home is serving to give us an opportunity to enjoy our life in Santa Barbara while giving families the opportunity to enjoy it as well while sharing a common space and not having to be divided among multiple hotel rooms. They are able to enjoy the conveniences of being in a home while vacationing.

As our management company, Invited Home acts as a concierge service to our/their clients, greeting them upon arrival, orienting them to the property, establishing house rules to include respect for neighbors/noise/privacy, and having a presence at the guests departure. Invited Home acts as our agent to submit all related taxes to the City/County in relation to the rental. Vacation rentals lend themselves to increased tourism through the home experiences they provide, economies of scale associated with possibly renting a home cheaper than multiple hotel rooms for a family, the convenience of families being in the same common shared space and not isolated to hotel bedrooms, and the choice of shared meals at home. Vacation rentals are revenue for the community that might otherwise be lost by those who prefer to stay in a home. There will always be those who also prefer hotels over staying in someone else's home. Vacation rentals offer an option. Out of respect for our neighbors, our home is also not open for special events, weddings and such.

Where we currently live in Santa Fe, NM, the city has allowed short-term rentals less than 30 days by offering a pre-determined number of licenses for a fee paid to the city, annual fire inspections of the

property. One applies for a license through the city; mails a form letter to all neighbors within a certain radius of the property notifying them of vacation rental status and a phone contact should neighbors need to reach the owner; pays the city \$350 annually for the vacation rental permit. These permitting restrictions are not countywide but city limits based. Collecting taxes and licensing fees on short-term rentals is a huge revenue stream for local governments and some cities that once focused on regulating or restricting short-term rentals, like Portland, have reversed their previous restrictions, in part, to collect new tax revenue. Communities have seen that onerous or burdensome regulations have only served to drive the activity underground causing the City/County to lose tax revenue that otherwise would be been collected.

Invited Home/Airbnb/VRBO are examples of how the sharing economy has responded to pricing, availability and other limitations of the traditional lodging model. The sharing economy businesses, like Invited Home/Airbnb/VRBO, add instant lodging inventory which encourages more and more people to vacation here. More tourists equals a financial windfall to state and local governments as well as local businesses.

Property owners who own their homes and live in them full-time, property owners who choose to rent their property on a long-term basis, and property owners who choose to use their property as a short-term rental all have the same protections under our constitution. When making your decision please consider the financial burden you will be imposing on those of us who are relying on tourism to afford our retirement investment and the impact to the loss of city revenue. Our major financial decision to build in Santa Barbara was based upon the prevailing short-term rental environment. Restricting to 30 day minimum rentals would result in a loss for all of us and one that we had not planned on when we undertook this investment in our future.

Thank you for considering our position.

Respectfully submitted,

Kevon Zehner & Ron Ritchhart
2850 Holly Road
Santa Barbara, CA 93105

Daly, Julia Rutherford

From: Robert Deacon <deacon@econ.ucsb.edu>
Sent: Sunday, June 04, 2017 7:56 AM
To: Williams, Das; Hartmann, Joan; Wolf, Janet; Adam, Peter; sbcob; Lavagnino, Steve
Cc: Jerusha Eames; jpdeacon1
Subject: STR public comments
Attachments: SB County hearing.pdf

We support allowing short-term rentals to continue in Santa Barbara County and have attached a statement outlining our reasoning. We look forward to attending the STR hearing on June 6.

Sincerely,

Bob and Jennifer Deacon

June 6, 2017

Honorable Santa Barbara County Supervisors,

We are long time Santa Barbara residents and we recently retired from UCSB, one from a career as a Professor of Economics and the other from a career as an Assistant Dean. We bought our home in 2002. It is located in the unincorporated part of the County above Cathedral Oaks near Highway 154. We have rented this home, our principle residence, on a short term basis through InvitedHome since 2015. Our current arrangement is beneficial to us and to our neighbors, as explained below, and we urge you to allow this practice to continue.

The revenue earned from renting our principle residence while we are away from Santa Barbara is an important source of supplemental retirement income for us. Since retirement we have offered it as a rental for approximately four months per year, during times when we are traveling to visit family and friends and for our own enjoyment. The rental income we have been earning has enabled this travel and has helped to offset living costs here in Santa Barbara, including our property tax obligation.

Two sets of neighbors have booked our residence through InvitedHome while we were away, in order to accommodate family members during large family gatherings. This has allowed the entire group to live in close proximity, an outcome that would not be possible if some family members stayed in hotels.

If the opposition to short term rentals in the County has arisen from neighbors who have experienced noise or nuisance, we would urge the Supervisors to enforce existing noise and nuisance ordinances more forcefully or to adopt more stringent ordinances. Imposing a blanket prohibition is unfair to those who are sensitive to these issues and who take appropriate precautions. The InvitedHome staff screen potential tenants to minimize the chance of such problems. In addition, they have urged us to provide their staffs' contact numbers to our neighbors in case problems do arise.

Allowing visitors to stay in our home while we are away makes sense in terms of economics, as otherwise this valuable asset would sit unused during these periods. We urge you to allow us to continue using our home in this way.

Respectfully,

Robert and Jennifer Deacon
4468 Meadowlark Lane
Santa Barbara, CA 93105

Daly, Julia Rutherford

From: Christy Holz <christyholz@cox.net>
Sent: Sunday, June 04, 2017 8:39 AM
To: Hartmann, Joan
Cc: sbcob
Subject: STR hearing on June 6th, 2017
Attachments: Seattle STR proposal.pdf

Dear Supervisor Hartmann,

Please support the continued use of homes in R1 residential areas for STR's and put in place rules that reasonably address any real issues that exist that might be specific to STR's and not to rentals broadly. Discriminating against STR's due to 1-29day rental vs 30+ day rental does not seem either fair nor beneficial for anyone.

I am a long time homeowner in More Mesa Shores community and have been doing short term rentals part of the year for over 13 years. As I live in two places, when I am gone my home is ideal for short term rental to families. I have dozens of families who have been repeat renters for more than 8 years. Being on the coast my home is a much lower cost option for a full family vacation than other local choices like hotels. I believe that fairly regulated STR's in residential neighborhoods adds to the community more than it distracts. Unlike the growing number of homes in my neighborhood that sit empty much of the year and make for security concerns and lack of community feeling, my home houses family's , especially ones with school age children, who enjoy the beach access and community. I have all the parking my renters need, off the street.

The STR issue has been very divisive in our community due to misleading information spread about the legality of STR's in our R1 zoning. Our MMSHA board has not yet clarified to the our community that STR's are legal in our R1 zoning, thereby continuing the animosity this misunderstanding has created. Quite a few people in our neighborhood prefer to leave their homes empty when they travel or live in their second home. However, many people in our community can use the extra income of a STR to help with the cost of ownership. It is difficult to see how a neighbor renting her home to multiple students for more than 30 days is more beneficial to our R1 neighborhood than my renting to families visiting the area for less than 30 days, often visiting relatives or friends of theirs in the area. The housing issue is real but part time owners cannot rent for a full year and this is what renters want. Students need to rent for 8-9 months but this does not align with the single family mandate of our neighborhood.

Attached is an example of another city (Seattle) creatively dealing with STR's in an area with significant housing challenges. Have you considered something like this?

Despite written claims in several neighbors letters to the county there is no evidence of problems with STR's in our neighborhood for over 9 years now. They should be required to bring forth the evidence if this claim is to be used by the county to justify changing rules that change property use rights and negatively impact people like me without providing any of the benefits the county claims to be achieving (like more long term housing, less nuisance, family vs non family usage)

My renting short term in no way takes a long term rental off the market- my home never has been on the long term rental market and won't be as I live in it part of the year. I make my resources available to others, paying taxes, helping keep our neighborhood safe by occupancy, and giving families access to the beach- it seems reasonable to continue to allow STR's and make reasonable rules. The revenues it brings to the county and to the many businesses (grocery stores, restaurants, shopping malls, car rentals, etc...) is real and tangible and adds to the health of our beautiful county.

I ask you to support allowing STR's to continue in residential areas of the county and in making reasonable rules that allow Santa Barbara to continue to be a destination for families (the vast majority from other parts of CA) wanting to enjoy the coast in a noncommercial setting.

Sincerely,

Christy Holz



Proposed Regulations of Short Term Rentals in Seattle

Frequently Asked Questions

What is the goal of short term rental regulations?

The City of Seattle's primary goal is to balance the economic opportunity created by short term rentals with the need to maintain supply of long-term rental housing stock available at a range of prices. The City faces a housing affordability crisis, and the proposed regulations attempt to both make more units available for long-term housing and provide residents with extra income.

Regulations focused on this primary goal will also have positive impacts on two secondary goals: the creation of a level playing field for individuals and companies in the short term rental market and the protection of the rights and safety of owners, guests and neighbors of these units.

What is a short term rental?

A short term rental is any booked stay of fewer than 30 consecutive nights. Stays of 30 days or longer are not subject to regulation under this proposal.

What is required currently of short term rentals in Seattle?

Currently, short term rental operators need to have a city-issued business license and pay applicable taxes, but there are no specific zoning or regulatory restrictions on their use.

What will change for short term rental operators under the proposed regulations?

The proposed regulations will not change anything for the approximately 80% of short term rental operators that rent their property for no more than 90 cumulative nights in a 12-month period. These

operators need to simply meet the current requirements, which are to get a city-issued business license and pay applicable taxes.

Operators that provide a short term rental for 91 or more nights a year will only be able to continue doing so if the unit is their primary residence and they get a separate, city-issued regulatory license. Commercial year-round short term rentals will no longer be allowed.

The following table summarizes these regulations.

	Primary Residence Short term rental operator resides on-site	Not Primary Residence Short term rental operator resides off-site
Rented 90 cumulative nights or fewer for short term rentals in 12 month period	Status Quo (includes having a business license and paying applicable taxes)	Status Quo (includes having a business license and paying applicable taxes)
Rented 91 cumulative nights or more for short term rentals in 12 month period	Prohibited	Prohibited

Why restrict year-round commercial short term rental operators? Why limit year-round short term rentals to an operator’s primary residence?

The growth of the short term rental market has exacerbated affordability issues by restricting housing supply in an already tight housing market. By prohibiting year-round commercial short term rentals, more property owners will put their units back into the long term housing market, which will help alleviate the current shortage.

What are the provisions of the regulatory license required for short term rental operators who cross the 90 night threshold?

The regulatory license will require: (1) proof that the unit being rented is the operator's primary residence, (2) proof of liability insurance that covers the short term rental use, (3) a local contact number for guests, (4) a signed declaration that the unit meets building and life-safety codes, and (5) basic safety information posted for guests in the unit.

Why isn't a regulatory license required from Day 1 of operation?

There is a lot of churn among short term rental operators as individuals determine whether it is feasible for them. By only requiring the regulatory license for the more serious operators, we focus the City's limited regulatory resources on the listings with the highest volume of visitors.

Are booked stays that are 30 consecutive nights or longer counted when considering whether an operator has crossed the 90 night threshold?

No, the 90 night threshold only includes the cumulative total of stays under 30 nights. One-month or two-month stays are an important niche in our housing market as residents transition in or out of more permanent homes. The proposed framework therefore does not seek to limit these stays or include them in the new regulations.

What will be required of the short term rental platforms like Airbnb and VRBO?

The platforms will also be required to get a regulatory license with the City if they wish to operate within Seattle. The platforms will be required to provide information about Seattle's regulations to operators using the platform and share basic data with the City on a quarterly basis, including the names and address of operators and the number of nights each operator has rented a short term rental on the platform.

Is the City requiring the online platforms to share information that violates the privacy of operators?

No. Operating a short term rental is a business; the information that the platforms must provide is basic information that other types of businesses regulated by the City must already provide.

How will the City use this information?

The City's regulatory function will examine this data to ensure all operators are following the new regulations.

Why not just legalize and tax all short term rentals and dedicate the tax revenue to affordable housing?

Lodging taxes that apply to short term rentals, hotels, bed and breakfasts, and other similar establishments are only allowed as permitted by state law. The State already collects these taxes on behalf of the City, but by State statute are dedicated to various purposes other than affordable housing. An effective regulatory scheme will actually help the State secure tax compliance from all the short term rental operators in the market.

What will the new regulations mean for traditional bed and breakfasts?

In order to create a level playing field, traditional bed and breakfasts will be treated similarly to short term rentals moving forward. In practice, this means they will see a lower regulatory burden than they currently face.

How do these proposed regulations compare with the regulations put in place in other cities?

There is no recognized best practice for how to regulate short term rentals; every city that has introduced regulations has adopted a slightly different approach. The proposal for Seattle most closely mirrors regulations in Philadelphia. Some cities, like New York and Los Angeles, have more restrictive regulations proposed or in place. Other cities, like Nashville or San Jose, have more permissive regulations.

What is the Council's process for considering this proposal? How can the public provide comment on these regulations?

The Council will hold its first discussion of this proposal at a meeting of the Affordable Housing, Neighborhoods and Finance Committee at 9:30 a.m. on Wednesday, June 15 at City Hall (600 Fourth Ave). This committee plans to hold further discussions at its meetings on July 6 and July 20.

Public comment is taken at the beginning of every Council committee meeting. Members of the public may also submit feedback via email or phone. Contact information for Councilmembers is available at <http://www.seattle.gov/council/meet-the-council>.

Daly, Julia Rutherford

From: Brian Norling <blnorling@gmail.com>
Sent: Sunday, June 04, 2017 8:53 AM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: Please allow and regulate all short-term rentals
Attachments: Letter to Board of Supervisors on 06-03-17.docx

Please read the attached letter and consider this information when deciding the future of short term rentals at Tuesday's Board of Supervisors meeting.

Brian Norling

To: Board of Supervisors Members
Santa Barbara, CA

From: Brian Norling
1645 Shoreline Drive
Santa Barbara California 93109

Subject: Please allow and regulate all short-term rentals

I am an owner and operator of two short term rentals in Santa Barbara. I have paid all of my taxes and followed the rules for years. Now my rentals have been shut down and the city officials have been very inconsiderate in the handling of the shutdown, considering I have been following all of the rules to my knowledge. This is having serious impact to me financially and to the city due to loss of tax revenue and jobs. Only the hotels are benefiting from this new legislation.

Owners of STR properties are forced to take better care of their properties because of the rental rating systems. Converting them to long term rentals would certainly degrade property appearances on average.

I will summarize my request up front in the following bullets and follow up with a more detailed summary and justification.

- I am requesting that the city allow and regulate all short-term rentals
- Please do not prohibit STRs in Residential Zones
- Those who have already put in place STR's should be grandfathered in and allowed to continue
- Implement changes in a responsible manner, as rules change, give people time to adapt, don't just threaten and bully them. Up until recently, they had no knowledge that they were doing anything wrong.
- Before you just blindly implement what the hotel industry desires, ask the citizens of Santa Barbara if they are willing to make up the tax income losses and enforcement cost out of their own pockets resulting from shut down of short term rentals. The Board of Supervisors has not presented a plan for dealing with this shortfall or for the large bill of enforcing this new legislation.

1) False Economies in the Elimination of Short Term Rentals

As a resident, I urge the Board to allow ALL STRs as a critically needed source of revenue to support County services, especially in light of the County's large budget deficit.

STRs do not have a significant effect on Hotel occupancy because approximately 80% of STRs stays do not compete directly with Hotels. The average stay of STR guests in Santa Barbara is 5 nights. This is over double the average stay of Hotel guests (2 nights).

Most professionally-managed STRs have a minimum stay of 3-nights. STR guests are traveling families looking for an affordable lodging option with no services required, and is a different demographic than most hotel guests

Short-Term Rentals (STRs) are a major source of revenue for the City and County of Santa Barbara, generating ~\$470 million in economic activity, and ~5,000 jobs 1.Source: Santa Barbara Independent: <http://www.independent.com/news/2016/feb/18/report-says-vacation-rentals-generate-470-million/>) .

The economic impact of STRs is so large because STR visitors use all the resources in our community (ex. grocery stores, auto repair shops, etc.), not just the tourism-based resources.

STR activity is spread equally throughout the City & County, and is not concentrated in just the tourist-specific areas

STR guests create “word of mouth” advertising for local hotels, restaurants, and other local businesses

With Fair Regulation, the Transient Occupancy Tax (TOT) revenues from STRs would triple to ~\$3.6 million per year to the City of Santa Barbara, and quadruple to ~\$5.6 million per year to the County of Santa Barbara. This is only the direct tax revenue from STR's. 1.Over 10 years, the ~\$36 million to the City and ~\$56 million to the County in unrestricted TOT revenues could help solve ongoing infrastructure & budget problems

We would lose all the benefits currently provided by STRs 1.\$470m in overall economic activity will be lost every year

2.5,000 jobs will be lost i.If someone is worried about affordable housing, how can a worker who has lost their job afford their housing?

TOT revenues will be lost, as well additional sales tax revenues from STR visitor spending, plus the sales tax multiplier effect from new STR-related employees who are spending their income i.A potential \$5.6m to the County (and \$3.6m to the City) in TOT revenues will be lost, plus potentially many times more in the loss of local-share sales tax revenue

Other real tax revenue generated to the County includes the local share of increased sales tax revenue due to spending by STR visitors. Furthermore, the increased local-share sales tax receipts have a multiplier effect due to the increased number of jobs as a result of STR's, and the spending by these new employees.

STRs provide property owners with a way to generate income to help support the affordability of their home, while also having the ability to enjoy the home throughout the year. Having to (or wanting to) rent some or all of your home part-time is not something to be made fun of or mocked as a failure of the homeowner, as many opponents of STR's have done. i.For STR owners whose circumstances have changed

such that supplementing income is necessary now, shame on anyone who judges or mocks someone else's misfortune and dismisses the value of STR's for this reason.

2) Inaccurate Estimates of the Effect of STRs on Affordable Housing

STRs represent an insignificant percentage of the total housing supply, and therefore it is impossible for the problems associated with STRs to be as large as the opponents of STRs claim they are. There are ~2,550 STRs in SB City & County, and there are 147,368 total housing units in SB City & County. Therefore, STRs represent 1.7% of the total housing supply. In statistical analysis, 1.7% is considered insignificant.

Even if every STR caused a shortage of housing, or caused excessive nuisances, normal analysis would not consider them a significant cause of those problems. Source: http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Housing_051216.pdf

A recent study by Santa Barbara's most reputable local economist shows that STR properties have an insignificant effect on the price & supply of Long Term Housing. An increase of 1/10th of 1% in the long-term rental supply is created by prohibition of STRs, and does not represent a significant number of housing units that would be converted from STR use to a longer term supply of housing for purchase or rent.

For the very few STR properties that could potentially be rented out long-term, only half or less would even be considered "affordable housing"
3. Source: http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Housing_051216.pdf

Homeowners rent short-term because they either occupy the space full time, or they come and go as they please throughout the year. Because of the regular owner usage, these properties would never be offered as long term year-round housing.

As an owner of a STR, if they were banned, you would NOT sell or rent your home at an "affordable" rate

As an owner of a STR, you live in your home X number of months (or weeks) throughout the year and therefore would NOT sell your home if STR were banned

STRs provide important local short-term housing needs:

- Temporary housing for workers, professors, medical personnel, & families relocating for employment.
- Executive housing, insurance claim temporary housing, housing needed during remodels, people looking to move to our area.
- Visitors who come to town for medical procedures, and for their family attending with them

3) Poor Enforcement Approach

STRs have been successfully regulated in other jurisdictions. Do a test of regulations before you dismiss the idea that they cannot be regulated

It has been proven in Kauai, HI & Palm Desert, CA that prohibition of short-term rentals does not work. Those areas have reversed their prohibitions, implemented fair and simple short-term rental regulations, and are now considered successes. If this happened in Santa Barbara, the City's Draconian enforcement methods will be remembered long afterward with distaste.

This decision by many STR owners was an allowed, legitimate and strategic move based on the County rules at the time. It would be radical, disruptive and blatantly unfair for the County to pull the rug out from people who made very important economic decisions based on a set of rules, to now have the rules change.

4) Legal Ramifications

The CA Coastal Commission (CCC) has declared that the prohibition of STRs is a violation of the Coastal Act, and local governments may be sued if they vote to prohibit STRs. The CCC has written strongly-worded letters to local governments informing them that STR prohibition is in violation of the Coastal Act. Lawsuits are beginning to be seen in CA against local governments who have voted to prohibit STRs. The defense of these legal challenges will again be paid by the tax payers.

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

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

Daly, Julia Rutherford

From: Lyn Hesford <lynh@gte.net>
Sent: Sunday, June 04, 2017 9:09 AM
To: Metzger, Jessica
Cc: sbcob
Subject: SHORT TERM RENTALS

June 4, 2017
Board of Supervisors
County of Santa Barbara
Dear Board of Supervisors,

I live on a one acre parcel in Janin Acres in the unincorporated area of Santa Barbara County. All the homes in our neighborhood are on one acre parcels. Three years ago the home next door to me was purchased to add to the owner's large pool of vacation rentals. This home is a vacation paradise. It boasts a pool and Jacuzzi with a waterfall. Bocce ball court, basketball, horseshoes, complete outdoor kitchen and numerous outdoor activities. The owners of this home urge their renters to park their vehicles in the four car garage so they are hidden from view but it's not uncommon to see additional vehicles in the driveway. It becomes a gathering place for parties. It is literally a "party house"

The backyard of this party house butts up to my backyard. The noise is so loud that on some days I can no longer enjoy my own backyard. I can't leave my windows open at night because of the noise coming from this house. Does anyone really think that a house that is being rented to large groups and multiple families with children doesn't generate a large amount of noise? A house that is advertised to sleep multiple people attracts multiple families.

The owners of this house gave a 24 hour contact to all the nearby neighbors. I have called this number several times in the last three years to complain about loud noise. At the last Supervisor meeting, the owner of this home (Theo Kracke) boasted that there are no complaints on record. This is blatantly false. The neighbors were not calling the sheriff but we were calling Mr. Kracke's complaint hotline.

Mr. Kracke organized "Save our Rentals". They were out in force at the last meeting. All people who benefit monetarily from these businesses. He's been operating Paradise Retreats for several years. His list of former renters is extensive. An email urging former renters of his business to write letters of support to the County Supervisors was sent to his large customer base. Mr. Kracke mentioned all the letters of support at the last meeting. These people don't live in our neighborhoods and are not impacted on an almost daily basis by vacation rentals.

On March 11 of this year, my gardener was working on a backyard project for me. It was a Saturday afternoon about 4:00 pm. The renter next door ordered him to stop his work because it was disturbing his backyard enjoyment. When my gardener told him he couldn't stop work without my permission, the man demanded that I stop my gardener from finishing his task. When I refused, he told me he would call the sheriff. I explained to the vacation renter that this a neighborhood and this was the kind of work that happens in neighborhoods on a Saturday afternoon. He then asked me how I was going to like it when he made noise later that evening.

Mr. Kracke has now added a policy that a portion of the deposit is forfeited if he receives a customer complaint. Who benefits from that policy? Certainly not the neighbors.

These homes are "HOTELS" and have no place in our residential neighborhoods. They are operating as businesses. Why is that allowed? A realtor informed me that I would have to declare that I live next to a STR nuisance if I were to sell my home. The value of my home is reduced because these vacation rentals are being allowed to grow and prosper in our neighborhoods.

I urge you to please consider how these vacation rentals are impacting our neighborhoods.

Sincerely,

Lyn Hesford

Daly, Julia Rutherford

From: Susan English <susanenglishcpa@gmail.com>
Sent: Sunday, June 04, 2017 11:02 AM
To: Williams, Das; Hartmann, Joan; Wolf, Janet; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: June 6th Hearing on the Short Term Rental Ordinance

Please accept the following as my public comment for the upcoming hearing of the Board of Supervisors on June 6, 2017

I strongly urge the Board of Supervisors to approve fair and reasonable regulations, allowing Short Term Rentals in all residential zones of unincorporated Santa Barbara County.

During the past 3 years, my husband and I have rented our guest home to more than 100 couples. The income is a much needed supplement to our retirement savings. During this period, we have paid more in Transient Occupancy Taxes than we have paid in property taxes.

Our guests come from all over the world and the US, primarily visiting the local wineries, dining at our great restaurants, and generally enjoying the laid-back, comfortable "vibe" of Los Alamos and the Santa Ynez Valley. We pride ourselves in offering impeccable hospitality, and our guests look at their stay in Santa Barbara County as top notch and a great place to visit.

Given the on going budget deficits in Santa Barbara County, I feel it is fiscally irresponsible to eliminate this revenue flow. Additionally, if the county would pursue a voluntary tax agreement with Airbnb, all TOT taxes would be collected from reservations processed through their site. The taxes collected from Airbnb hosts would likely increase two fold, without any additional effort or costs to the county.

Thank you for this opportunity to comment on the Short Term Rental ordinance. I'm confident the Board of Supervisors will not support an effective ban, but instead, encourage fair and reasonable regulations.

Susan English
Los Alamos

Susan English

Daly, Julia Rutherford

From: Sybil Rosen <sybilrosen4@gmail.com>
Sent: Sunday, June 04, 2017 11:33 AM
To: sbcob
Subject: STR Public Comment
Attachments: BOS letter for June 6.doc

Please distribute letter to Board of Supervisors for June 6 meeting.
Thank you,
Sybil Rosen

Sybil Rosen
134 Hermosillo Road
Santa Barbara, CA 93108

June 5, 2017

Santa Barbara County Board of Supervisors
15 E Anapamu Street
Santa Barbara, CA 93101
Re: Short-Term Rental Ordinance, Board Agenda June 6, 2017

Dear Chair Hartmann and Supervisors:

I have been working since July 2013 to bring fair warning of the destructive changes to our community. It started with a home sale to absentee owners used as a short-term rental next door. Every weekend the anxiety built as a new group would come rolling in; strange cars, strangers, all their friends and Marco Polo in the pool all weekend. No protection from the county due to a faulty interpretation by County Council in 2007. **Look at us now 4 years later.**

Every year in our County there is an increase in ads for short-term rentals and a decrease in rental housing for families. Cost are driven up and neighborhoods are on there way to just becoming "hoods."

City Council of Santa Barbara stood up for community & banned homes and home-stays; as did Ojai, Buellton, & Solvang. Many communities including Santa Monica are struggling with allowing some & not others. Home-stays do nothing to free up housing to relieve the workforce living availability.

Cities that ban are seeing the return of housing for people that work and participate in the communities where they live. I have friends that are now renting a three-bedroom/2 bath home for \$5000 (shouldn't this be enough income) on a two-year lease that had been a vacation rental. The cul-de-sac neighbors all came over to welcome them and thank them.

For years owners have been illegally renting out artists studios, cabanas, garages, & guesthouses & even their decks with outside showers. What makes you think that if you allow with regulations they will start paying the TOT and obeying the law? No dollar amount will be enough to enforce this. What happened to zoning? Will we have to leave the County if we cannot be assured that the house we buy will end up being a bed & breakfast next door.

Give us the tool to report illegal uses and confidence that County Code enforcement will respond and stop the behavior. **Keep it simple & cost effective to prove and enforce. Ban Short-term rentals including home stays except in Tourist and commercial zones where already allowed. This is transient housing. This is not sound land use and planning practice based on County General Plan and Montecito Community Plan.**

Here is a partial list of cities and quotes by leaders that understand the devastation. Take a look at the quotes. **Let's put our name on this list.**

Anaheim Mayor Tom Tait- "STR's are motels in residential neighborhoods"

Healdsburg City Planning Director "STR's commercialize neighborhoods. Continuous visitors end up replacing long-term residents that participate and contribute to social & economic fabric of the neighborhood & community."

Healdsburg Mayor McCaffrey- "halfway measures are difficult to enforce"

Hermosa Beach City Attorney working to curb expansion of hotel-like uses in residential neighborhoods. We will enforce this ordinance."

Irvine Communications Director, Craig Reem- "A dwelling rented out for 30 days or less is considered a hotel and isn't allowed in residential neighborhood. A homeowner can rent a portion of his owner occupied home as long as it is for a period of 31 days or more."

Manhattan Beach Mayor Wayne Powell- "The residential nature of our community, the peace and quiet of our residents----that rules over someone's profits"

Laguna Beach City Councilman Robert Zur Schmiede- "Allowing STR in residential areas would essentially be a policy to convert residential districts into Commercial vacation areas. Long range rentals will be reduced, second homes will become year-round mini hotels, with our Police Department and 911 serving as the front desk."

Ojai Councilwoman Betsy Clapp- "This is about money and not community. Allowing short-term rentals is a self-destructive process. These seemingly harmless home-based hotels impact school enrollment, housing stock volunteerism and community cohesion. I have seen how they have turned neighbor against neighbor. They are not good for our town."

Santa Barbara City Council unanimously swore allegiance to residents over visitors, lauding zoning as a guiding force of City government.

Santa Monica Planning Administrative Analyst- "We are proactive with enforcement but the big negative has been allowing home stays. Too many people are skirting the law and being deceptive."

Sonoma City Mayor Laurie Gallian- "Vacation rentals leading to disjointed neighborhoods."

St. Helena resident- "I ask you to give higher priority to your citizens' quality of life than to some tourists' desire for a neighborhood experience, some absentee owners desire to finance their second home through a STR or some misguided notion that we can balance our city's budget by cramming our neighborhoods full of STR's and collecting the TOT."

Tiburon Councilman Jim Fraser- "We're a residential community.

Commercializing a neighborhood town is not something I think we should be doing.

Is the National headline going to read: "SANTA BARBARA COUNTY BOARD OF SUPERVISORS ABANDONS THEIR ZONING LAWS AND THEIR RESIDENTS IN FAVOR OF TOURISTS."

Please make a decision you can be proud of for generations to come. Save our County

Sincerely,

Sybil Rosen, 28-year resident of Montecito (Santa Barbara County)

"A society grows great when old men (or women) plant trees whose shade they know they shall never sit in"

Daly, Julia Rutherford

From: John Emmett McWhirter <emmettsc@gmail.com>
Sent: Sunday, June 04, 2017 1:58 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: Regarding STR Industry

Dear Board of Supervisors,

My name is John McWhirter, a 38 year old life-long resident of Carpinteria, California. I am a home owner, a husband to an amazing wife and a father to a 2 year old daughter.

Truthfully my wife and I are very scared, as I am employed in the Short-Term Rental Industry. If there is a ban, I will probably lose my job, which will devastate my family. I've worked very hard to be able to support my little family, provide a home and a stable life over the last several years.

I just can't believe that it has come down to this, a possibility of a ban and the eradication of an industry. Especially an industry that is based on tourism, something that our local economy thrives on.....?

I don't know how else to say it, so I am BEGGING YOU to please think rationally. There are so many people that work in the Short-Term Rental industry, and to see us all have our livelihood's stripped away by a vote, is frightening. I could understand if there was a legitimate harm being done, but to be honest there just isn't any REAL proof that our industry is hurting people, our economy, or our home. To the contrary, I'm sure that we've contributed positively, not just through tax dollars, but with the experience of so many people and families that have visited our beautiful home of Santa Barbara County!

I could go on and on, but please, on behalf of myself, my wife, my daughter and co-workers, consider strong regulation and a solution that benefits EVERYONE.

Sincerely,

John, Jennie and Joy Grace McWhirter

Daly, Julia Rutherford

From: rbarnstabl@aol.com
Sent: Sunday, June 04, 2017 3:02 PM
To: Williams, Das; jwolf@countryofsb.org; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: Allow STRs in all Zones in the County

I support STR's in R1 residential areas. I believe that personal property rights should be protected and that as long as the regulations that apply to rentals over 30 day also apply to under 30 days there is no cause for change.

My husband and I are two 80 year olds who live in More Mesa Shores- an ocean side community in which STR's have become a divisive issue. We live in the house that was once owned by Bonnie Freeman, an active STR opponent and a person I have known personally for the past decade. While she fought STRs who rented only to families Bonnie rented to multiple students for additional income over the past 10-12 years. Renting to students was not a legal use in this community where as renting to families, regardless of length of rental, has been and is legal and permitted. Yet about 10 very vocal people in our community have been led to believe the opposite.

While I only recently became a permanent resident of this community I have been visiting here for the past 15+ years and thus have been able to observe changes that have occurred over that period of time. While there have been numerous changes none would seem to be attributable to STRs. I have been aware of some issues related to one home but those seem to have been resolved. In addition, my husband and I have rented for the last 8 years in the city of Santa Barbara and have never observed any problems with STRs. It is almost as though this whole issue is a solution looking for a problem!

I live next door to a long time STR and am glad to have people in this house. Those renters have brought value to our community. They have added to the local economy and tax base when shopping for food, going to restaurants, attending local events, renting cars, and a myriad of other activities. Empty houses bring nothing of value to the area and indeed can be a draw for illegal activities. I feel more secure knowing there are people in my neighbor's house rather than it just sitting empty. In all my years out here I have never once seen an overwhelming presence of STR renters walking on the mesa (private, but not owned by this association) or beach (which of course is absolutely public by California law). I have never been able to observe any difference between an owner, a visitor, a long term renter or a STR.

It would seem that having STRs in residential areas, with appropriate regulations, bring value to the county and to the community. STRs do not appear to diminish the family oriented, family friendly nature of any community we have resided in.

Sincerely,
Rose Barnstable
5200 Austin Rd
Santa Barbara, CA 93111

Daly, Julia Rutherford

From: Margot Smit <marsmit2@yahoo.com>
Sent: Sunday, June 04, 2017 5:55 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob; Lavagnino, Steve
Subject: Short term rentals

Dear Commissioners,

Please allow short-term rentals! I own a house in Santa Ynez, and by renting out our house part of the time, we can make some extra income AND support the local economy with tourism dollars. I believe FULLY in strong regulations and in being in full compliance with those regulations so that neighbors are not disturbed. Our property is 10 acres and I rent it out as a place for people to get away and have peace.

Thank you for your consideration.

Margot Smit

Daly, Julia Rutherford

From: Carey Uhler <careyuhler@gmail.com>
Sent: Sunday, June 04, 2017 7:20 PM
To: sbcob
Subject: No Complaints re More mesa Shores STR's

Dear County Clerk

I am writing this letter to ask you to allow fair regulation of short term rentals in residential zones. Since we are seeing that STR's have been successfully regulated in other areas I am asking that you consider keeping this option open for homeowners.

My husband and I depend on the income from our small two person homestay studio which we rent out of our house in More Mesa Shores. We have enjoyed all the guests which have come through and there have been no neighbor complaints. In fact one of our neighbors has enjoyed meeting our guests while he's out walking his dog and likes to make recommendations for restaurants and places to visit in Santa Barbara.

In our neighborhood we have a small group of 7 homeowners who are doing STR's. We have formed a committee who are working to uphold a good neighbor policy and we are working proactively with the HOA board to make sure our neighborhood stays tranquil . There have been no complaints in our neighborhood since 2008, nine years ago. Also since Short Term Rentals more care and maintenance and since only a small portion of the population would be set up to run STR's we do not have an influx of people wanting to follow suit in our neighborhood.

We are paying the monthly TOT and TBID taxes on our rental and we know that this is a much welcomed source of revenue for the County.

Thank you for your time!
Carey Uhler

Daly, Julia Rutherford

From: Kevin Ochs <JanKevinOchs@msn.com>
Sent: Sunday, June 04, 2017 7:39 PM
To: Wolf, Janet; Williams, Das; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Request you allow Short Term Rentals in Santa Barbara County

Dear Santa Barbara County representatives,

I am writing to request you allow Short Term Rentals (STR's) in Santa Barbara County. What is needed is regulation and management of short term rentals, not banning them from the County.

Hopefully your research has shown that STR's, if properly regulated, are good for the community and owners respectfully. As an owner with a short term rental in Summerland, I know the value of regulations and a management company. We have parking, noise and occupancy rules which are strictly enforced as we need be to be respectful to our neighbors and the community.

We visit our property often as my wife and I both grew up in Santa Barbara County, attended college and have great memories in Santa Barbara. Having our short term rental allows us to visit Santa Barbara often and see many of our friends in town. The income from the short term rental has supported us to send our children to college in Santa Barbara to get a great education in a wonderful town (just as we did several years back).

I have heard that if short term rentals are banned that somehow these short term rental homes will become available as long term rentals. I want to be clear if this does happen, we do not plan on renting long term or selling our home.

In summary, I hope the leadership team on the Board of Supervisors decides to allow short term rentals and develop proper governance which is the real issue. Unregulated there will be problems. With proper regulation (as other cities are doing) short term rentals can work for the owners and the communities (a great source of revenue).

Thank you for your consideration.

Kevin Ochs

Sent from [Mail](#) for Windows 10

Daly, Julia Rutherford

From: David Leon <dleon@soundmindmusic.com>
Sent: Sunday, June 04, 2017 9:08 PM
To: sbcob
Cc: Nina Gross
Subject: STR Ordinance Hearing June 6 - Letter Attached
Attachments: STR Letter for hearing June 6 2017 - Giannotti.pdf

To the Clerk of the Board of Santa Barbara County,

In contemplation of the June 6 hearing regarding STRs, please accept the attached letter for consideration both during the hearing and generally as part of the body of documents related to this matter.

I am requesting that I will be allowed five minutes to read the letter during the hearing. Will you please let me know if my request to speak will be accepted?

Thank you,

David

{Attachment - PDF document}

June 3rd, 2017

Board of Supervisors
County of Santa Barbara
123 East Anapamu Street
Santa Barbara, CA 93103

Re: Short Term Rental Ordinance Hearing of June 6th, 2017

May it please the Board of Supervisors,

I respectfully suggest to the Board that **there is no compelling reason to change the current regulations, or their interpretation, as there is no evidence that prohibiting short term rentals would achieve any positive result.** As the California Coastal Commission, who is in favor of the status quo states, "short-term rentals, including those in residential zones, can provide an important source of visitor accommodations in the Coastal Zone."

In communities that now prohibit STRs, we see that the remaining lodging places have significantly raised their rates. In communities that prohibit STRs, the resulting unoccupied (second) homes create off season ghost towns. This results in less people inhabiting and visiting, and subsequently less revenue for the local businesses which all full time residents would benefit from. As for some of the concerns of residents, **there is no evidence to support the claim that in areas where STRs have been banned, the rate of police calls for crime or noise or any other public nuisance is decreased.** In contrast, if you have many unoccupied second homes, all desirable activity will decrease making it unattractive for the remaining full time residents. It will be replaced by undesirable activity as unoccupied homes are the perfect target for crime. As a former Probation Officer and District Criminal Prosecutor, it is my experience that **banning STRs in residential homes will not discourage criminal activity or relieve the burden on our police or court systems,** but rather encourage and increase it.

In deciding the present issue before you, please consider the following points:

1. Hosting in one's own residential home for compensation, is neither a short nor long term rental

Think of it this way, if I were to host a **foreign exchange student** through the EF language school, anywhere from two weeks to a year, I would give the student a room, breakfast and dinner and introduce them to the beauty of Santa Barbara, the US culture and language. I would receive a stipend for doing this and also the joy of learning about my guests' country and culture. I have never heard a SB County Resident or Hotel oppose this sort of short term rental. Yet it is exactly the service I provide through Airbnb, which they are now opposing. Shouldn't we get this inconsistency sorted out before changing any rules of governance?

Here's a further example: When I leave my home for an extended period of time, whether for work, vacation or childcare, I need to enlist the help of others to occupy my home so that it will not fall prey to burglars who are attracted to unoccupied homes. Would the opposing party also suggest I cannot receive the services of a **house/pet/child sitter** who would pay me for the use of and living in my home, in exchange for the caring of the animals, children and property? I have not heard residents opposing **short term Caregivers**, who pay for the use of living in and using a home in the owner's absence, with their services. No one objects to this short term rental scheme.

I suggest to the Board that, similar to the aforementioned examples, services that I can offer through employers such as Airbnb do not fall within the scope or contemplation of the drafters of existing short or long term rental regulations. The proposed changes of these regulations, would not address the concerns voiced by opposing residents of our County, but they would instead exacerbate and create new problems which currently do not exist.

Beware the smoke screen!"

The inconsistency of the above examples and the sudden opposition of short term rentals which have existed for many decades, supports my theory that the main opposition of STRs is not from the residents of the County who suffer no true detriment to the enjoyment of their homes, but rather from the existing hospitality industry trying to stifle their competition of employers such as Airbnb, one community at a time. This is in stark violation of Anti-trust laws, guised by the businesses instilling fear among residents to achieve not the betterment of the residents' quality of life, but rather their own business profit margin.

The County of Santa Barbara should send a clear message that we do not support this hidden agenda. That the proposed changes will not protect our residents, but only protect the trade group of the American Hotel and Lodging Association in its current attempt to thwart Airbnbs throughout the country. In doing so, the existing lodgings can offer an inferior service for more money without consequence. They are the only ones who will gain from the proposed changes. The majority of residents of Santa Barbara, California and the United States are in favor of short term rentals and other services such as Airbnbs and we ask that you decide with the wishes of the majority of the people in mind.

2. Occupied homes are a benefit to all full time residents and businesses. Short term rentals help keep otherwise empty permitted living spaces occupied for homeowners wishing to continue living in their home.

There is a minority of residents who object to second homes being rented out for less than thirty days. To these residents I ask, "How does having the homeowner/ neighbour next door only occupy the house six months a year, better your neighbourhood? Would you rather live in a ghost town of close-shuttered empty houses or one where there is life even if it means that there was that one time out of many that you were bothered?"

Please just leave well enough alone. If there was ever an unruly short term rental guest, **I would be comforted in the fact that troublesome Short term Tenants have no right to stay, unlike Long term Tenants who are difficult to remove from a rental which is permitted in residential zones.**

3. Employment

The current trend of communities such as Santa Barbara, concerned about the use, or more correctly the abuse of short term rentals is the direct result of the success and increasing popularity of start up employers such as Airbnb, for travelers world-wide, which follow similar business models such as that of Uber. That is, individuals drive or host guest individuals in their private home or car for compensation.

Do you know which company created the most jobs in the U.S. in last three years? It was Uber. It has been a great benefit to all of us, but to think that, this too was challenged by the existing competition

cab/limousine industry. Thankfully, the opposition did not prevail in preventing its use as I hope will be in the instant case. Likewise, Airbnb **has allowed our residents, who were unemployed because of age, family obligations or medical concerns, the opportunity to become employed and earn an income, from their own home doing what they would do otherwise in their own home.** There is no change in the character of permitted use. These are guests in my home who help me out in one form or another for the privilege of sharing the use of my home which has one of the most unique and magical heritage gardens in Santa Barbara and should be shared and not selfishly locked away for my sole enjoyment. How wonderful that by allowing guests to visit and stay and enjoy my space, I am given a small stipend to defray the maintenance costs of this special place. It would be a true loss to the community to allow this heritage garden and property to deteriorate. As a single mother of three children, and many animals, I can earn income, without compromising the childcare or at home responsibilities I already have, by hosting guests. I do not receive any other forms of employment income or government aid or assistance, but instead can contribute both TOT and Income tax, and donations to those in need. I am thankful I can continue to do so through part- time employment opportunities such as Airbnb. My neighbors include the Tennis Club, a Firestation, the Botanical Gardens and Natural History Museum. I do not disturb them but rather support these “businesses in residential zones” with visitors who stay in my home.

4. Solution:

If we were to require that the homeowner in a residential area actually continue to reside on the rental property, then all the concerns offered by the opposing parties are addressed: No Risk of noise, criminal activity, parking space limitations, and burden on utilities, safety and traffic. That is, if I have a four bedroom home and only one is currently occupied, then the use of those other three rooms is already planned for. If I am living in the home, then the neighbors would have the same recourse to address nuisances with me as they did before. I would monitor and control the use of the property more than any Hotel, Inn or traditional Bed and Breakfast would, because it is my family home. The many levels of screening, rules and regulations already imposed on Hosts and Guests by Airbnb is far greater than that of any other model of lodging. This new hosting model is such a great benefit to everyone both as guest and host that it would be a tremendous loss if we allow the existing hospitality industry to slowly eliminate this service by instilling unfounded fear in communities one by one in order to prohibit their own fear of competition.

In sum, I respectfully request the Board of Supervisors not to change the current regulations or their interpretation because there is no factual or compelling reason indicating the need for a change. If the Board wishes to implement limitations as to the management of Short Term Rentals, then I suggest to add a requirement that Homeowners continue to reside on the property they are renting out.

I thank you in advance for your kind consideration,

Nina Marie Giannotti

J.D., LL.M. International Business Law

790 Mission Oaks Lane, Santa Barbara, CA 93105

Daly, Julia Rutherford

From: elaine <thewoodenspoon@juno.com>
Sent: Sunday, June 04, 2017 9:29 PM
To: sbcob; Hartmann, Joan
Subject: short term rental hearing
Attachments: supervisor letter.docx

To members of the Board of Supervisors regarding STRs in the unincorporated areas of Santa Barbara County. This is an issue of great concern. As a fifty plus year resident of Janin Acres (outside Solvang) I have seen changes, most good. However, the fallout from a short term rental in our quiet neighborhood is distressing. We have been subjected to loss of privacy, noise, congested streets and threats. Renters who, having paid large sums, assume they have the right to come into our yards and use our children's playground equipment, clog our narrow road with their and their guest's cars, play loud music and threaten to call the police when routine, weekend yard work disturbs them, after all *they* are here for "peace and quiet".

Please check out this website <http://www.paradiseretreats.com> the property of my personal concern is listed as "Wine Country Resort-Style Living" and says "Escape to a fantastic wonderland in Santa Ynez Valley! Situated on a 1-acre corner lot in a beloved neighborhood", the ad states that it sleeps eight. When there are up to ten cars parked in the driveway, on the road and encroaching onto adjacent properties it's obvious that there is more than the "suggested" occupancy.

While this is typical through the SYV I can only speak from personal experience. Ours is a self contained neighborhood. We own and maintain the roads and our water supply. We are drought conscious and before the rains this property was the only one with a green lawn. Our water is not metered, so there is no way to determine the strain this one rental takes on our reservoir.

As to the overall impact these rentals have on the Valley as well as the rest of Santa Barbara County, consider this: STRs result in significant loss of permanent long term rental properties, transient renters take a toll on cohesive neighborhoods, impact school populations and are commercial ventures operating in residential zones. Please don't allow out of area property owners to destroy the spirit of the Santa Ynez Valley. This one rental in my neighborhood has taken its toll. We are inundated with curious and unapologizing incursions onto and into our lives and properties.

Short Term Rentals profit from what we have built and at the same time are destroying our quiet lifestyle.

Why do we allow business to exist in areas zoned single family residential and in doing so are we opening the door to commercial ventures being conducted from private homes throughout Santa Barbara County?

Please consider this a heartfelt plea to deny STRs in residential areas and "beloved neighborhoods".

Thank you,

Elaine Revelle

2301 Sunrise Way

Solvang, California

How To Remove Eye Bags & Lip Lines Fast (Watch)

Fit Mom Daily

<http://thirdpartyoffers.juno.com/TGL3142/5934de6f5c5ac5e6f1950st01vuc>



Dear Supervisors,

To members of the Board of Supervisors regarding STRs in the unincorporated areas of Santa Barbara County.

This is an issue of great concern. As a fifty plus year resident of Janin Acres (outside Solvang) I have seen changes, most good. However, the fallout from a short term rental in our quiet neighborhood is distressing.

We have been subjected to loss of privacy, noise, congested streets and threats. Renters who, having paid large sums, assume they have the right to come into our yards and use our children's playground equipment, clog our narrow road with their and their guest's cars, play loud music and threaten to call the police when routine, weekend yard work disturbs them, afterall *they* are here for "peace and quiet".

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While this is typical through the SYV I can only speak from personal experience. Ours is a self contained neighborhood. We own and maintain the roads and our water supply. We are drought conscious and before the rains this property was the only one with a green lawn. Our water is not metered, so there is no way to determine the strain this one rental takes on our reservoir.

As to the overall impact these rentals have on the Valley as well as the rest of Santa Barbara County, consider this; STRs result in significant loss of permanent long term rental properties, transient renters take a toll on cohesive neighborhoods, impact school populations and are commercial ventures operating in residential zones.

Please don't allow out of area property owners to destroy the spirit of the Santa Ynez Valley.

This one rental in my neighborhood has taken its toll. We are inundated with curious and unapologizing incursions onto and into our lives and properties.

Short Term Rentals profit from what we have built and at the same time are destroying our quiet lifestyle.

Why do we allow business to exist in areas zoned single family residential and in doing so are we opening the door to commercial ventures being conducted from private homes throughout Santa Barbara County?

Please consider this a heartfelt plea to deny STRs in residential areas and "beloved neighborhoods".

Thank you,

Elaine Revelle
2301 Sunrise Way
Solvang, California

Daly, Julia Rutherford

From: RON RITCHHART <rritchhart@me.com>
Sent: Monday, June 05, 2017 12:30 AM
To: sbcob
Subject: STR Public Comments

Board of Supervisors,

It has been brought to my attention that the council is meeting June 6 to discuss the fate of short-term rentals of less than 30 days in Santa Barbara County. I oppose putting a 30-day restriction on rental properties in the county.

Four years ago our family sold an income producing vacation rental property in New Mexico and transferred our assets through a 1031 Exchange. Our purchase was carefully researched to ensure that we could legally rent our property and that this new property qualified to be an income producing property of the same like kind as we had sold. It has taken us 4 years to design, permit and build this property and we have only just begun to rent it. Changing the law now, after the fact and without consideration of grandfathering in properties such as ours, would greatly diminishes the value of our property, causes us a severe hardship, and constitutes a huge financial loss.

We live on an acre property and work very hard to be good neighbors. We provide easements through our property for other home owners. We maintain the road and surround area to diminish fire threat. We restrict our rentals to only those over the age of 30. We built our house to be private and not cause any hardship or disturbance to our neighbors. To take the extreme measure of limiting rentals in the county is not necessary to protect neighborhoods and ensure a good neighborhood for others. There are other means of accomplishing this by dealing with complaints as they arise, require rental properties to be inspected or permitted. Furthermore rentals of 30 days or more can create burdens on the rental property itself. Our experience of over a 16 years of renting our vacation properties is that long-term renters often create more damage and disturbance to a property than to short term renters.

I urge you to consider the impact a 30-day restriction would have on those who own vacation rental properties and depend on them for their livelihood. Many like me, have relied on rental property for income long before AirBnb. I also urge you to consider alternative measures to directly deal with the issues that might be raised by considering permitting, restricting rental to whole house and not rooms, and restricting the density of rental properties in an area through permitting. Also, do consider that changing the status of a property and restricting its use after the fact is a severe governmental-imposed hardship. Finally, if such restrictions were to pass, then existing vacation rental properties should be grandfathered in as long as ownership remains with the original owner. In this way you are not depriving those of us who depend on our rental properties for our livelihood.

Thank you,

RON RITCHHART
rritchhart@me.com

Daly, Julia Rutherford

From: Carla Lejade <maineroutes@mac.com>
Sent: Monday, June 05, 2017 3:20 AM
To: sbcob
Subject: Short Term Rentals

I'm writing today to ask you to please consider a more governed approach to the short-term rentals than just banning them outright.

I am a 67 year old widow who moved to Santa Barbara because I've always dreamed of living there when I retired and I built a beautiful home in a commercial area specifically with the idea that I would hopefully be able to support myself and pay the taxes and expenses on the building if I did short term rentals. I also thought of the move as an opportunity to meet new people and have somewhat of a social outlet with the lovely visitors that come to Santa Barbara. I.e. Not living alone but meeting and welcoming people in this beautiful city. I invested everything I had to build an incredible Jeff Shelton home (big risk) that greatly enhances the street I live on and would be a draw to visitors.

I currently have a permit to rent only two rooms in my house even though I have two other apartments (one being mine where I live part of the year) and another one on the second floor which I had always hoped to rent on a short-term basis. If the short term rentals are banned completely in Santa Barbara I will not rent my other apartments long term but switch to 30 day rentals which will bring in no revenue to the city versus the rent money that I am currently paying on the units downstairs.

My home is in a commercial district and I specifically chose the lot (against peoples advice) because I wanted to do short term rentals and it greatly enhances the look of the neighborhood.

There is no way that any noise from any of my rentals ever bothers anybody because I'm surrounded by nonprofit organization's which are closed in the evening.

I have heard numbers as high as up to \$22 million in lost revenue that the city stands to lose if we ban short term rentals and I know that my friends and associates in the event industry are very worried about the effect on their businesses -I strongly urge you to consider a managed approach and not lose all this potential tax money out-right. Other cities have adopted a managed approach and it's working. Please consider this possibility and don't think that banning STRs is going to give more occupancy for low-income rents. It certainly isn't in my case as I will continue to do seasonal short rentals of 30 days or more with no tax income for the city.

Sincerely -
Carla Lejade

El Zapato
522 Garden Street
Santa Barbara
Calif 93101

Daly, Julia Rutherford

From: Michael Donohue <md@mdonohue.net>
Sent: Monday, June 05, 2017 8:28 AM
To: sbcob
Cc: 'Patricia Elkaim'; Metzger, Jessica
Subject: Comments regarding STR's

Generally speaking from what I know of the ordinances these would be my comments:

A "one size fits all" approach to the STR business which bans it entirely throughout the entire county is both short sided and ill conceived.

It is important that the STR business is monitored and regulated.

It is important to acknowledge the following:

- It is vital to understand the virtual resource economy and the nature of STR's
- That STR's and the people who stay at them can be screened and controlled to a large extent
- That many people actually prefer staying in STR's over hotels
- That STR's can be tightly controlled as to noise, nuisance factors, and abuse provided owners are committed to doing so
- That Airbnb is the largest hospitality business in the world
- That the STR market is growing not shrinking
- That STR's could be a meaningful revenue source for the county for many years to come
- The Board of Supervisors should not base future ordinances on the complaints of the wealthy residents of Montecito, the Hotel interests and principally the disgruntled few who have had a bad experience with a nearby STR property
- The Supervisors need to recognize that SB County is a diverse county and that the enclaves such as Montecito are not representative of the county at large. There are far more examples of successful STR uses than the few failures
- To be mindful not to kill an emerging and lucrative business, drive many of those who offer STR's to leave the county, and limit the travel and housing options for visitors to the county from around the world who do not want to stay in a hotel - motel. If you out law it all together you will also kill the added (growing) tax revenue that would have accrued to the County.
- Look at what other cities and counties have done to find a compromise.
- Finally STR's should be available on any property of one half acre or more. These larger parcels afford privacy to the neighbors by virtue of their sheer size when the proper house rules are in place. We live on 1.2 acres and our neighbors did not even know we did Airbnb until we told them. They don't want us to go. The STR thing does not bother them at all.

I would encourage the Board of Supervisors to come up with a sensible plan.

All the Best,
MD

Michael Donohue & Associates

Telephone: 310-384-3537

Email: md@mdonohue.net

Skype: [mdono77](#)

Twitter: [mdono77](#)

"information is the currency of change"

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Daly, Julia Rutherford

From: Jennifer Davila <jenniferdavila163@gmail.com>
Sent: Monday, June 05, 2017 8:36 AM
To: sbcob
Subject: No STRs Less Than 30 Days

Dear County Clerk,

As a full-time resident of Montecito, I fear an undesirable change in my neighborhood. That change is the potential shift of my residential area moving to that of a commercially zoned area, not quite literally but almost. Please know that this is what I experienced when adjacent neighbors opted to utilize their properties as Short Term Rentals of only a couple days. While I realize there are certain perceived community 'benefits', such as visitors spending at area businesses, I did not choose to purchase a home next to a commercially zoned hotel with its constantly revolving clientele, many of whom are in party-mode. I purchased my home for the neighborhood, the community and the school district.

Please vote to allow **no Short Term Rentals less than 30 days.**

Thank you for your time.

Sincerely,

Jennifer Davila

Daly, Julia Rutherford

From: Van Wingerden, Cam on behalf of County Executive Office
Sent: Monday, June 05, 2017 8:54 AM
To: sbcob; Miyasato, Mona
Subject: FW: STR's Santa Barbara

-----Original Message-----

From: Sally Terrell [mailto:salleo@me.com]
Sent: Friday, June 02, 2017 2:28 PM
To: Williams, Das
Cc: County Executive Office
Subject: STR's Santa Barbara

Dear Mr. Williams,

I am a homeowner in downtown Santa Barbara, and our property is zoned C-2 R-4, I am also a constituent in your district.

I hope you will consider reversing the ban on Short Term Rentals. Specifically, I hope you separate Short Term Rentals located in commercial districts and will be sensitive to the fact the what the city asks in terms of "permitting" is unreasonable for homeowners.

*Until January of this year we enjoying renting part of our home to people visiting Santa Barbara for weekend getaways, family reunions, and weddings etc.. As the owner and RESIDENT of our short term rental, if they were banned, we WOULD NOT sell our rent our home at an "affordable rate".

*If we are a city that cares about "affordabilty" then Short Term Rentals allow visitors an affordable option vs hotels.....

*In addition I feel that banning Short Term Rentals will have a negative impact on the revenue our local businesses enjoy.

Thank you for your attention and consideration of this matter.

Sally Terrell

Daly, Julia Rutherford

From: J Davila <jjandh@cox.net>
Sent: Monday, June 05, 2017 9:19 AM
To: sbcob
Subject: No on STR <30days

I DO NOT support short term rentals less than 30 days. My neighborhood is experiencing a constant turnover of short term renters and post rental cleaning crews which is eroding the semi rural quality and tranquility of my community. The constant and revolving parade of strangers, parked cars, noise and guests is contributing negatively to the enjoyment of my small neighborhood.

NO on STR LESS than 30 days ! Please.

Respectfully-
Joey Davila

Daly, Julia Rutherford

From: Laurie Eusey <eusey@gte.net>
Sent: Monday, June 05, 2017 9:24 AM
To: Williams, Das
Cc: sbcob
Subject: 6/6/2017 Hearing Regarding STR Ordinance

The Honorable Das Williams, Supervisor
1st District, County of Santa Barbara

RE: June 6 Hearing Regarding STR Ordinance (Agenda Item 17-00356)

Dear Mr. Williams,

I am writing to ask you to *adopt* the STR Ordinances, as recommended by the Planning Commissions, at your meeting tomorrow.

I strongly object to STRs in residential areas, as well as in our agricultural zones. Although my home is within the city limits, as a long-term resident of Santa Barbara, I believe there are many safety issues that warrant strict regulation of short term rentals. As a 20+ year resident of the upper San Roque neighborhood, I personally am very aware of how fire can impact our community. I was on evacuation warning for the Tea Fire one very long night in 2008. And in 2009, the Jesusita Fire burned within 40 feet of my residence. I live on a split-level street that lends itself poorly to evacuation in an emergency. Indeed, day-to-day parking issues for we residents is challenging enough! Thus, adding strangers who drive the wrong way on streets unfamiliar to them, and who add congestion to already challenging parking areas, will only exacerbate the dangers in residential areas in an emergency.

The safety concerns are, of course, in addition to all of the issues (loss of long-term rentals, loss of neighborhood character, loss of revenue for our already-established hospitality industry, etc.) that concern me. I have lived throughout the Santa Barbara and Goleta areas for 29 years and cherish the neighborhood characters that were being negatively morphed by short term rentals, until the City implemented their regulations in late 2015. Please extend similar wise regulations to the County-controlled areas of our community, too.

Thank you.

Sincerely,

Lauren Eusey
3056 Marilyn Way
Santa Barbara, CA 93105

Daly, Julia Rutherford

From: Paul Deal <paulblo@verizon.net>
Sent: Monday, June 05, 2017 10:08 AM
To: Williams, Das
Cc: sbcob
Subject: STR Ordinance Hearing 6/6/17

The Honorable Das Williams, Supervisor
1st District, County of Santa Barbara

RE: June 6 Hearing Regarding STR Ordinance (Agenda Item 17-00356)

Dear Mr. Williams,

I am writing to ask you to adopt the STR Ordinances, as recommended by the Planning Commissions, at your meeting tomorrow.

I have lived in the greater Santa Barbara/Goleta area for nearly 30 years and strongly object to STRs in residential areas, as well as in our agricultural zones. The primary concern I have is safety for our community. I experienced the Gap, Tea, and Jesusita fires very directly, with the Jesusita Fire burning within 40 feet of my home. Evacuation routes, in many residential areas of the City and County, are challenging, at best, for those who actually live there. When you add strangers who have little knowledge of the community, it is a recipe for greater disaster in an emergency.

Additionally, other issues such as loss of long-term rentals, loss of neighborhood character, and loss of revenue for our already-established hospitality industry and camping areas, are of concern to me. These are real and had real impacts to neighborhoods within the City limits that were being negatively changed by short term rentals, until the City implemented their regulations in late 2015. Please extend similar, thoughtful regulations to the County-controlled areas of our community, too.

Thank you.

Sincerely,

Paul Deal
3056 Marilyn Way
Santa Barbara, CA 93105

Daly, Julia Rutherford

From: Don Dodge <dondodge@gmail.com>
Sent: Monday, June 05, 2017 10:11 AM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: Short Term Rentals

Dear Board Members,

I am writing concerning the upcoming hearing regarding short term rental regulations in Santa Barbara. As a renter in Santa Barbara, with no skin in the game, I possibly have a different perspective than some who have already shared their opinion.

As most know, Santa Barbara relies heavily on tourism and promotes itself as an ideal place to visit, which it is. My extended family likes to visit Santa Barbara and when they do we like to rent a place that we can all stay and be together. Together for meals, talking and just being around each other. Yes we visit restaurants etc. but to have 10 or more family members visit and secure separate hotel rooms is not how we want to vacation. I'm sure there are a number of families like mine when contemplating a week long vacation or weekend away and a house isn't available in Santa Barbara our time and money will be spent elsewhere.

Smart regulation of short term rentals (like most other cities have adopted) and the accompanying tax and tourist dollars makes a lot more sense than an outright ban.

Respectfully,

Don Dodge

Daly, Julia Rutherford

From: Chantee Sea Sea <everyoneisbeautiful@mac.com>
Sent: Monday, June 05, 2017 10:16 AM
To: sbcob
Subject: Short Term Rentals: Attention County Clerk

Good afternoon,

My vote is against STR's in single residential areas for reasons, STR's are forcing homeowners and families to live in a hotel/motel atmosphere with a rotation of complete strangers roaming residential neighborhood.

There will less of a shortage of long term or affordable housing once STR's are banned.

A STR repeat visitors often will rebook a stay through the owner direct, opening the door for the homeowner to not report that stay and avoid paying taxes. This can't happen at a hotel, but it can with STR's.

There are new hotels being built or renovated in Buellton that can accommodate visitors. Please return our neighborhoods to the reason many of us moved here to begin with and ban STR's in small neighborhoods and residential areas. This has become an issue for some homeowners who want to sell, because they have to disclose there are STR's next door, for some buyers, this is a deal breaker.

Cities have banned STR completely, it ruined the neighborhood. Those communities have since become more desirable.

Respectfully.
Chantal Cloutier
Ballard, Ca.

Daly, Julia Rutherford

From: Lenzi, Chelsea
Sent: Monday, June 05, 2017 10:28 AM
To: sbcob
Subject: FW: Letter from More Mesa Shores in Support of Short Term Rentals
Attachments: Short Term Rentals letter1.pdf

From: Norm Popp [mailto:normpopp@gmail.com]
Sent: Monday, June 05, 2017 10:16 AM
To: Lenzi, Chelsea; Wolf, Janet
Subject: Letter from More Mesa Shores in Support of Short Term Rentals

Please find attached a letter addressing the STR issues. I request this letter be submitted to the BOS for consideration.

Thank you,
Norm Popp

5285 Louisiana Pl
Santa Barbara, CA 93111

Board of Supervisors
County of Santa Barbara
June 4, 2017

FR: More Mesa Shores Homeowner

RE: SB County Staff on Short Term Rental Issue:

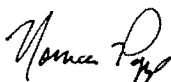
We are a part of the More Mesa Homeowners Association in the unincorporated are of SB County. Our association has been misrepresented as wholly in favor of banning STR's.

This is not accurate. Many of the homeowners in our neighborhood are IN FAVOR of short term rentals while also protecting neighbor's rights to the quiet enjoyment of their homes. We are working hard to find a solution within our association to meets the needs of all our members.

Please protect the rights of homeowners to use their property as they wish. Consider a layered approach with supervision requirements, fines or enforcement, but please find a middle ground.

If I own a home here, I have the right to quiet enjoyment of the home whether my neighbor owner occupies his home, has long term renters, or short term renters. The issue is the same. Banning STR's is not a creative solution to the needs of our community.

Thank you,



Norm Popp
805 729-3050

Daly, Julia Rutherford

From: Jeff <jeff@jeffnelsonlaw.com>
Sent: Monday, June 05, 2017 10:54 AM
To: sbcob
Subject: STR Public Comment -Nelson

Dear Supervisors:

Here are some follow-up points to our earlier communications, all of which we specifically requested be included in the administrative record through conclusion; we have two new Supervisors so the historical input of interested parties is important to include at this time.

- The substantial revenue that the County receives in taxes for those vacation rentals that are registered is seemingly “free money” to the County as little is returned. In many cases, the County may do better economically than the property owners who have mortgage payments, maintenance and property taxes.
- The big issue here and elsewhere is *tax leakage*, where rentals are occurring without taxes being collected. Many other jurisdictions have entered in to agreements with Airbnb, insuring that the taxes are collected and paid at the Airbnb level; that requires an agreement with the jurisdiction. (see LA Times article July 18, 2016). Are you collecting 1/3 of the potential revenue? More than that?
- The marketplace has spoken, here and elsewhere, that there is a strong demand for “vacation rentals” as they are a more personal visitor experience than the hotel experience. Owners of these units truly become ambassadors for the area as their connection with renters is more personal than the hotel experience.
- In our specific instance, we developed a new coastal home at the west end of Isla Vista and we wanted to exercise more personal control and have available personal use compared to the alternative of renting it to students. We chose the pride of ownership and active management option rather than the best revenue option. This has worked out very well and is no detriment to anyone in the neighborhood. There has never been one complaint from the students in nearby rentals or from the long-term permanent residents of Isla Vista who are our neighbors. Our rentals have been diverse and interesting and have included the following:
 - A neighbor who wanted to rent the property for key people in her local wedding
 - A mother from London who brought her child to UCSB for testing and wanted a more personal California experience.
 - A specialized industry consultant coming from Florida to meet a local tech company for a several week stay, and who, as a part-time professional photographer wanted to take photos of the Pacific ocean when the the lighting was perfect .
 - Parents of a UCSB student who wanted to share time with their daughter which was possible in the house but not a hotel.
- Many of the complaints you heard before were from members of a homeowners association in which the association had not voted to ban short-term rentals. Each homeowners association can do that, if it so elects and it should not be for the County to intervene on one side of that association issue.
- Every area in this diverse county is different and our specific area, IV, has not been an area of controversy, and our rental does allow people real access to the coast as the Coastal Commission wants.

We are proud to have shared our property with renters and really believe that it is a welcoming and worthwhile undertaking.

The key thing in regulation is to have owners responsible to react immediately to any neighbor complaints. This is possible structurally and gives the County a leverage point to non-renew permits that have become problems.

The regulatory scheme beyond that should be simple and should not create a whole new elaborate planning department process for these simple activities in existing structures.

Thank you.

Jeff Nelson

The Oak Creek Company
21 E. Carrillo St. Suite 200
Santa Barbara California, 93101
<http://oakcreekco.com/>

Daly, Julia Rutherford

From: Van Wingerden, Cam on behalf of County Executive Office
Sent: Monday, June 05, 2017 11:24 AM
To: sbcob; Miyasato, Mona
Subject: FW: Public Hearing on Short Term Rentals

From: Wayne Elias [mailto:eliaswr@verizon.net]
Sent: Monday, June 05, 2017 9:39 AM
To: County Executive Office; Lavagnino, Steve
Cc: eliaswr@verizon.net
Subject: Public Hearing on Short Term Rentals

RE: Open Hearing on Short Term Rentals at the 6/6/2017 SB Board of Supervisors Meeting

Dear Ladies and Gentleman,

I would like to state that my wife and I **are in favor of keeping short term rentals in the County of Santa Barbara as open and free as possible from county regulations.** The host should pay the transient taxes to the county.

The extra income is helpful to offset the high cost of owning property in the county and the host/guest experience is good for everyone. The hotels in the area are very expensive and are often booked up.

I have traveled the world and the guest/host experience is a good one. The world economy is evolving and the County needs to keep up with changes. People, both host and guests, enjoy the benefits of not staying in a hotel room. Again the extra income can help with the ever increasing cost of owning property in Santa Barbara County.

Wayne Elias
Cynthia Elias

3027 Sand Hill Lane
Santa Maria, CA 93454

Daly, Julia Rutherford

From: KATHLEEN WIGLE <kwigle@mac.com>
Sent: Monday, June 05, 2017 11:58 AM
To: Williams, Das; sbcob
Cc: Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Subject: STR Hearing June 6, 2017

June 5, 2017

Supervisor Das Williams,

I am a homeowner of a 12-acre property zoned Ag-I-10 in the Carpinteria Valley and also located in the Coastal Zone. I purchased my property 30 years ago and developed it, farmed it and raised my four children there. It is my only and primary home. I am currently listed with the County as a STR and have been paying my TOT taxes on a regular basis. In fact, I have collected and paid the county over \$10,000 in Bed Taxes over the last 5 years. I have already booked my home for 2017 dates and I anticipate collecting over \$5,000 in Bed Taxes for this year alone, which I will submit to the County.

I am very concerned about the Ordinance to Ban Short Term Rentals for virtually the entire Santa Barbara County. The ability to maintain an agriculture property is made more difficult by the many county regulations along with the Carpinteria overlay in a coastal zone, water limits and costs, high electric costs, financial viability of crops and changes in production. The list of what I cannot do with my property is long and gets longer with each new regulation. It has required an extreme ability to change with the times and be flexible along with many other owners of Agriculture properties. The county wants to keep open space and limit development of Agriculture properties, yet continues to make it harder and harder to maintain agricultural land with limited use restrictions.

In an attempt to continue the Agriculture use and support my property and my family, I choose to occasionally invite guests for a home stay, farm stay and vacation use. That is now put in jeopardy by the proposed ban unless the Supervisors come up with common sense solutions. Farm stays are a promoted and encouraged use of Agriculture property on Ranches and Farms throughout California. I am a member of the Farm Bureau and they provide much needed assistance and support for different types of Agri-Tourism.

In addition, the Carpinteria Valley is almost totally in the Coastal zone. It is my understanding that the Coastal Commission does not support these Bans on Short Term Rentals and strongly prefers common sense, simple regulations to manage this historical and existing practice. They have refused to certify LCP changes if cities or counties move to ban or severely limit STRs. Lawsuits are also being filed by those, who are now being harmed by these newly enforced bans, without documented facts to back up the location or number of complaints nor actual affects on local housing. In fact a recent, respected Santa Barbara study, found the majority of STR homes were primary or second homes, so few would be sold or rented full time, if STRs were banned. Those properties would not add to the full time rental market nor were complaints statistically more than those about full time renters. A ban is a heavy-handed solution to STRs vs. manageable regulations.

I am a good neighbor and already do most of the items the Planning Department outlined in their suggested regulations. I have been involved for this entire process during meetings and hearings. The discussion and vote during the August hearing became a total and complete ban with an extremely limited number of properties in AG-II-40 acres being allowed to continue. Thankfully the supervisors allowed discussion at the December

hearing and recommended additional information from the planning commission, which we are discussing at the June 6 hearing.

If the County Supervisors pass the ordinance, as in Option #1, they will only supporting luxury, high-end resorts in the coastal county area like the Biltmore, San Ysidro Ranch, Miramar, Montecito Inn and the Bacara over more affordable options for many visitors to our coastal area. Moderate income Families and Groups will be driven away from our local beaches and agriculture areas without the additional lodging in the County provided by STRs. An ordinance needs to be written that could be Certified by the Coastal Commission, possibly using separate overlays, as other cities and counties have done.

I urge the supervisors to reject the ordinance banning 99% STR in the County and review the new Planning Department Staff recommendations to revise any ordinance with common sense regulations and extending approval and to additional properties. Requiring a CUP or CDP would be an extreme burden that most property owners would not even be able to attempt due to the cost, professional assistance and time required. That would in effect be the same as a ban. I was not able to find any other jurisdiction listed on Attachment #8 that required such an onerous requirement. It is doubtful the Coastal Commission would approve the ordinance if it required a CUP or a CDP for a STR to be approved. A straightforward STR application providing the required information with a reasonable fee would achieve the same purpose and support any enforcement efforts.

Thank you for your consideration.

Kathleen Wigle

4188 Foothill Rd

Carpinteria, Ca 93013

Daly, Julia Rutherford

From: Jorg Heinemann <jorg.heinemann@gmail.com>
Sent: Monday, June 05, 2017 12:13 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: please allow (and regulate) short-term rentals in SB

Dear Santa Barbara County Board Members:

My family and I have spent 1-2 weeks per year vacationing in Santa Barbara for the last decade or more. We've generally stayed in short-term vacation rental homes since hotel options are limited for our family of 6+. We find short-term home rentals far more affordable and much more pleasant than trying to book multiple hotel rooms which always seem to be in short supply. I imagine a good percentage of Santa Barbara's out of town visitors do the same and probably contributes to a significant percentage of Santa Barbara's economic base.

We love the community here and a year ago bought a second home at 736 California Street in the Lower Riviera. We love it here and are happy to be part time residents. We'd like to share our home with other visitors from time to time through short-term rentals. So far we've been largely unable to do that here due to the strict 30-day minimum. Like most second home rental situations, we are selective about our guests to make sure they take care of our property as we would our own and are respectful to the neighbors and community. The nature of a short-term rental is highly personal and fundamentally different from how many people view hotel stays. The rental income helps cover the costs of the property and makes it more affordable for us to spend time here in Santa Barbara. It's not a primary profit center or anything approaching a full time business. That's true for all of the short-term vacation rental owners I've known over the years. We've done this with our other vacation properties in Tahoe Donner and The Sea Ranch for over 2 decades and know many other owners doing the same, all over the world, with no issues or problems. I imagine there are different types of owners and fully acknowledge the need for proper communication and enforcement of existing ordinances.

Please allow us and other owners to share our homes with out of town guests through short term rentals. It's an essential part of our local economy and community, as well as a significant revenue opportunity for the city if properly regulated through an occupancy tax. Please rethink the current "30-day minimum mandate" and consider the many other communities who have found reasonable ways of regulating short-term rentals for the everyone's benefit. We recommend allowing ALL short-term rentals, properly regulated including occupancy tax, enforcement of noise and other existing ordinances. I'd be fine with a 7 day minimum stay which is consistent with what most guests seem to want (which also seems to underscore that we're serving an important segment from the average 1-3 night hotel stay tourists).

Thank you for your service and for your consideration.
Best regards,

Jorg Heinemann
(650)465-0222
736 California Street, Santa Barbara 93103

Daly, Julia Rutherford

From: Board Letters
Subject: FW: STVR meeting information

Importance: High

From: danal@cox.net [mailto:danal@cox.net]
Sent: Monday, June 05, 2017 12:24 PM
To: Wolf, Janet <jwolf@countyofsb.org>; Williams, Das <DWilliams@countyofsb.org>
Cc: Hartmann, Joan <jHartmann@countyofsb.org>; Lavagnino, Steve <steve.lavagnino@countyofsb.org>; sbcob <sbcob@co.santa-barbara.ca.us>
Subject: STVR meeting information
Importance: High

To Whom it May Concern:

I can't come to the meeting tomorrow morning since I work in San Diego, but my father's home, is listed on VRBO and is not getting many rental requests now that we must rent for over 30 days.

I was asked by someone who wanted to rent our house for a week to be able to see her nephew graduate from UCSB.

She will be unable to attend because of affordability.

I'm forwarding you an advertisement from Travel Zoo, similar to "Groupon" with discount hotels. This one is for *The Goodland* in Goleta. Their "discount" rate doesn't apply during graduation weekend. The rate at this motel (there are no vacancies in Santa Barbara under \$ 350.00 either) is jacked up to over \$ 400.00 per night because of the weekend.

As a former short term rental owner (and property manager for my elderly father) we *never* raised our rates for graduation weekend.

This is so outrageous to allow hotels to gouge people like this (again, I know this is Goleta, but SB hotels do the same...check Hotel Santa Barbara, Hotel Milo, etc., even though no vacancies last I checked) during a period when parents are trying to afford to see their children graduate.

When we were able to rent our home for weekends and weeks at a time, we charged \$ 250.00 per night for a 2 bedroom 2 bath house. Less when it was a monthly rental (as you can see now)

We screened our clients well.

We never had complaints.

We paid our business license and TOT every month (a lot of income to the City)

We gave “regular” people like us a place to stay in our beautiful city, spend their tourism dollars, and not have to take out a second mortgage to do so.

We were able to help support my father on a fixed income.

What is so wrong with that?

Thank you,

Dana Livingstone-Lopez

Daly, Julia Rutherford

From: Travis Logue <Travis@rogerssheffield.com>
Sent: Monday, June 05, 2017 12:19 PM
To: sbcob
Cc: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; Jason Wansor
Subject: Agenda Item: Short Term Rental Ordinances / June 6, 2017
Attachments: 2017 06 05 Letter to Board of Supervisors - w enclosures.pdf

Dear Clerk of the Board:

Our law firm represents Theo Kracke.

Please include the attached correspondence, with enclosures, to the record of the agenda item on STVRs for the June 6 Board of Supervisors meeting.

We appreciate your time.

Thank you.

Regards,

Travis C. Logue | Partner

travis@rogerssheffield.com

Rogers, Sheffield & Campbell, LLP

150 E. Carrillo Street | Santa Barbara, CA 93101

t 805.963.9721 f 805.963.2323

rogerssheffield.com

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ROGERS, SHEFFIELD & CAMPBELL, LLP



Email: travis@rogerssheffield.com

June 5, 2017

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VIA EMAIL

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George J. Tomlinson
Christopher C. Jones
Maureen A. Grattan
Jason W. Wansor

Board of Supervisors
County of Santa Barbara
123 East Anapamu Street
Santa Barbara, CA 93103

Re: STR Rates vs. Hotel Rates – Short-Term Rental (STR) Ordinances

Dear Honorable Chair Hartmann and Board of Supervisors:

ASSOCIATES

John H. Haan, Jr.
Bradley C. Hollister
Wendy Miele

Our law firm represents Theo Kracke, owner of Paradise Retreats World Class Vacation Rentals.

We are attorneys of record for Mr. Kracke in the pending litigation known as *Kracke v. City of Santa Barbara* (Ventura Superior Court Case No. 56-2016-00490376) concerning the City's ban of short-term vacation rentals ("STVRs").

The Coastal Act requires local governments to develop local coastal programs, comprised of a land use plan and a set of implementing ordinances designed to promote the Coastal Act's objectives of protecting the coastline, its resources, maximizing public access, and assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the State. (Pub. Res. Code §§ 30001.5, 30500-30526.)

According to the California Coastal Commission, STVRs serve as an alternate form of visitor-serving accommodations within the Coastal Zone, that provide a lower-cost alternative to renting hotel or motel rooms for families and small groups from diverse demographic sectors and range of incomes to enjoy coastal access.

County of Santa Barbara Board of Supervisors
June 5, 2017
Page 2 of 3

In Santa Barbara, the average nightly rate for the STVRs is appreciably less than the average nightly rate for a hotel room, particularly for groups or families of five or more.

According to the attached study prepared by the California Economic Forecast entitled, "The Average Daily Rate for Short Term Rentals in Santa Barbara: A comparison with Conventional Hotels and Motels," dated March 25, 2017 ("California Economic Forecast Study"):

...the average per bedroom per night rates of STRs is clearly less in all seasons than the rate per hotel room in Santa Barbara, either in-town or along the beach or within the coastal zone. Further savings occur because rentals include kitchens; families can cook their own food which is less expensive than food away from home. Furthermore, laundry machines enable additional savings, in both time and money. (California Economic Forecast Study, p. 2).

In addition, the California Economic Forecast Study found that, on a per room per night basis, nightly rates for STVRs located in Santa Barbara's Coastal Zone are 38% less than hotels/motels located in Santa Barbara's Coastal Zone. It concludes, "On a per room per night basis, short term rentals are significantly less than conventional hotels and motels in Santa Barbara and the Coastal Zone of Santa Barbara...On a per room basis for families or traveling groups, short term rentals provide a comparatively more affordable alternative to conventional lodging facilities in Santa Barbara including the Coastal Zone." (Id. at p. 19.)

The findings of the California Economic Forecast Study are bolstered by the attached report from the University of California at Los Angeles entitled, "Access for All, What the Coast Means to Californians, and How Often They Visit", dated November 2016. According to the UCLA Access for All Study:

(i) Californians have an affinity for the coast, but issues of access remain a problem, particularly for low-income communities and communities of color around the state; and,

(ii) 75% of the surveyed respondents cite limited options for affordable overnight accommodations, which was rated a big problem at a higher rate by Latino voters and families with children. (UCLA Access for All Study, p. 3.)

The UCLA Access for All Study concludes that protecting and increasing the supply of lower-cost overnight accommodations on the coast is critical: "Solving this barrier is key to providing access to the coast for many Californians." (Id. at, pp. 7-8.)

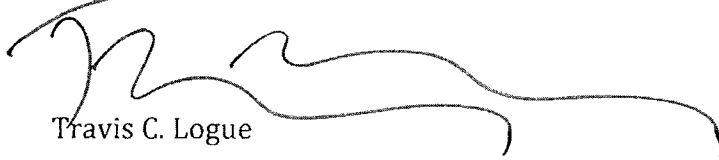
County of Santa Barbara Board of Supervisors
June 5, 2017
Page 3 of 3

Clearly, reasonable regulation of STVRs rather than prohibition is consistent with the law and bolsters important public policy considerations for current and future generations of Californians.

We urge you to consider these notable facts prior to rendering a decision.

Very truly yours,

ROGERS, SHEFFIELD & CAMPBELL, LLP

A handwritten signature in black ink, appearing to read 'Travis C. Logue', written over a horizontal line.

Travis C. Logue

Enclosures:

1. California Economic Forecast Study dated March 25, 2017
2. UCLA Access for All Study dated November 2016

**The Average Daily Rate for Short Term
Rentals in Santa Barbara:
A comparison with Conventional
Hotels and Motels**

**Is there a significant price differential
between STRs and Hotels ?**

A report prepared by the

California Economic Forecast

5385 Hollister Avenue

Box 207

Santa Barbara, CA 93111

(805) 692-2498

www.californiaforecast.com

March 25, 2017

FINAL REPORT

Executive Summary

A recent survey (March 2017) of average daily, weekly, and monthly rates for short term rentals (STRs) in Santa Barbara was conducted. Established industry sourced reports on average daily rates for conventional lodging (hotels/motels) in the City of Santa Barbara were also evaluated.

This study was conducted to ascertain the price differential, if any, between formal lodging establishments and STRs. The comparison indicates that on a per room basis, STRs are significantly less expensive than conventional lodging in the City of Santa Barbara (or elsewhere throughout the South Coast).

In some cases, an entire house or apartment (short term rental) can be rented for the price of an upscale hotel room in Santa Barbara.

Studies conducted elsewhere have demonstrated that STRs around the country including California are generally less in cost than hotels.¹ The comparison was for average listings in cities throughout the world, compared to hotel rooms in that same city. An average listing included apartments and whole homes. Consequently, even when hotels were less expensive than STRs---in the cities of Austin, San Diego and San Francisco---the comparison is between a hotel room and an AirBnB listing which is largely comprised of entire apartments and detached multi-bedroom and multi-bathroom homes.

Short term rentals can be especially cost effective for large families or groups. A family of four or five or two couples traveling together can share a two bedroom apartment or home which is usually less expensive than a pair of hotel rooms.

In fact, the statistical analysis conducted in this study shows that the average per bedroom per night rates for STRs is clearly less in all seasons than the rate per hotel room in Santa Barbara, either in-town or along the beach or within the coastal zone. Further savings occur because rentals include kitchens; families can cook their own food which is less expensive than food away from home. Furthermore, laundry machines enable additional savings, in both time and money.

¹ <https://priceonomics.com/hotels/>
<http://www.businessinsider.com/is-it-cheaper-to-airbnb-or-get-a-hotel-2016-2>

**Comparison of Average Daily Rates / Formal Hotels/Motels versus
Short Term Rentals / City of Santa Barbara**

<u>Season</u>	January – December 2016 Actual Average Rates		2017 STR Rates*	
	<u>Beach Hotels</u>	<u>In Town Hotels</u>	<u>Coastal Zone</u>	<u>In Town</u>
Winter	\$ 218	\$ 175	\$ 145	\$ 154
Spring	\$ 249	\$ 183	NA	NA
Summer	\$ 322	\$ 231	\$ 184	\$ 168
Fall	\$ 270	\$ 207	\$ 159	\$ 153
Annual Average	\$ 265	\$ 199	\$ 163	\$ 156
Percentage difference from Hotels/Motels			- 38%	- 22%

* per room per night

Source: PKF Consulting through Visit Santa Barbara, and STR Survey, described above

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Introduction

In March 2017, The California Economic Forecast prepared a comparative price analysis between Short Term Rentals (STRs) and Hotel/Motels in Santa Barbara.

Because we have conducted previous studies associated with Short Term Rentals in the Central Coast, we were familiar with the industry and the online websites that are routinely used to locate, determine prices, and rent an STR.

We conducted a survey of STR listings on the most popular websites used to search and locate rentals in Santa Barbara County. This survey was conducted between March 10 and 21, 2017.

We obtained information from Visit California at the Santa Barbara Chamber of Commerce on the prices of local hotels and motels. We have been maintaining price and occupancy information on the South Coast lodging industry for the last 20 years. Consequently, we have built a very long and extensive database on ADRs (average daily rates), rates of utilization (occupancy), the hotel inventory, and the total numbers of transient rooms.

Short Term Vacation Rental Price Survey

The survey of STRs in the Santa Barbara area was conducted during the 2 week period of March 10 to 21, 2017. Consequently, the price information is extremely current. The following websites were used to obtain location and price information:

www.VRBO.com,
www.AirBnB.com,
www.ParadiseRetreats.com, and
www.VacationRentalsOfSantaBarbara.com

One prominent website not surveyed was www.HomeAway.com because the company recently purchased VRBO.com, and all HomeAway.com listings are now duplicated on the VRBO.com website.

Properties were selected by using each website's "property search" tool. The search criteria were City (for example: Santa Barbara), number of guests (for example: 2 or more), and dates of stay (see **Seasons** below).

The properties displayed on the search results were then reviewed. For VRBO.com, ParadiseRetreats.com, and VacationRentalsOfSantaBarbara.com, there is a "Rates" tab for each property. Using the Rates tab, we were able to obtain the nightly, weekly, and monthly rental rates per season. For the AirBnB.com website there was no Rates tab. As a result, we had to enter the dates for 9 separate date ranges and review a quote that showed the rental rate for each date range.

Location and price for a total of 150 STRS were obtained. Of this total, 94 were located in the City of Santa Barbara.

STRs by Location

	<u>Total</u>	<u>In Beach Area</u>	<u>In Coastal Zone</u>
Carpinteria	15	15	14
Summerland	8	8	8
Montecito	33	17	16
Santa Barbara	94	34	22
Totals	150	74	60

Seasons

For AirBnB.com, the following 9 date ranges were used for the search criteria dates:

SUMMER	FALL	WINTER
Nightly: 7/15 - 7/18	Nightly: 10/15 - 10/18	Nightly: 1/15 - 1/18
Weekly: 7/15 - 7/22	Weekly: 10/15 - 10/22	Weekly: 1/15 - 1/22
Monthly 7/15 - 8/14	Monthly 10/15 - 11/14	Monthly 1/15 - 2/14

For the comparison to hotels, it would have been appropriate to focus the survey on whole apartments since these would be most comparable to a hotel stay. However, there are few apartments in the population of properties that are listed on the rental websites. Consequently, we used whatever listings were available on the websites. The listings were focused on the entire property (home or apartment) and not a room within a property.

From the survey, we extracted the location of the property, the number of rooms in the property, and the rate per night for 1 to 6 nights, for 7 to 29 nights, and for 30+ nights. As discussed above, rates were obtained for:

Summer (during mid-July)
Fall (during mid October)
Winter (during mid-February)

Gathering this type of information enabled us to determine an average *seasonal* nightly rate per room for short term rental properties:

- 1) for the entire sample of 150 properties
- 2) for STRs in the City of Santa Barbara
- 3) within the coastal zone (or beach area) of Santa Barbara

Overall average rate in 2017

The average cost of an STR property per night is \$524.92. The average number of bedrooms is 2.92. Consequently, the average price per room is

$$\$524.92 / 2.92 = \$179.77$$

This is the average rate over all seasons and for 1 to 6 nights.

The average rate per night per room for a week is \$154.54.
 The average rate per night per room for 30 days or more is \$124.83

Seasonal Rates in 2017

Here are the average daily rates by season and length of stay

All Properties in the Survey

Average Price Per Night per Property

<u>Season</u>	<u>Length of Stay</u>		
	<u>1 to 6 nights</u>	<u>1 week</u>	<u>30+ days</u>
Winter	\$481	\$417	\$323
Summer	\$581	\$524	\$420
Fall	\$512	\$455	\$351
Average	\$525	\$451	\$365

Average Price Per Night per Room

<u>Season</u>	<u>Length of Stay</u>		
	<u>1 to 6 nights</u>	<u>1 week</u>	<u>30+ days</u>
Winter	\$165	\$139	\$111
Summer	\$199	\$173	\$144
Fall	\$175	\$152	\$120
Average	\$180	\$154	\$125

Santa Barbara Only

For strictly City of Santa Barbara located STRS, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$450	\$169
Fall	\$407	\$153
Winter	\$399	\$150
Average	\$419	\$157

Number in Sample=94

Avg # Rooms=2.7

Coastal Zone Properties

For Beach area and Oceanfront properties, the average daily rates per room and per night are as follows

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$660	\$213
Fall	\$567	\$191
Winter	\$507	\$171
Average	\$578	\$195

Number in Sample=60

Avg # Rooms=3.0

Santa Barbara City Coastal Zone

For properties located in the Santa Barbara Coastal Zone, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$469	\$184
Fall	\$406	\$159
Winter	\$371	\$146
Average	\$415	\$163

Number in Sample=22

Avg # Rooms=2.6

Montecito

For properties located in Montecito, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$818	\$248
Fall	\$686	\$208
Winter	\$618	\$187
Average	\$707	\$214

Number in Sample=33

Avg # Rooms=3.3

Carpinteria / Summerland

For properties located in the Carpinteria / Summerland area, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$808	\$235
Fall	\$720	\$210
Winter	\$639	\$186
Average	\$722	\$210

Number in Sample=23

Avg # Rooms=3.4

Summary

The average year around cost for an STR property in the Santa Barbara area per day is \$525. This is the cost for an entire home, condo, or apartment unit with 3 bedrooms.

The per bedroom rate is \$180 per night.

The average year around cost for an STR property in the City of Santa Barbara is \$419 per day. The average per bedroom rate is \$157. The average year around cost for an STR property in Montecito and Carpinteria / Summerland is \$707 and \$722 respectively. Per bedroom per night the rates for Montecito and Carpinteria are \$214 and \$210 respectively.

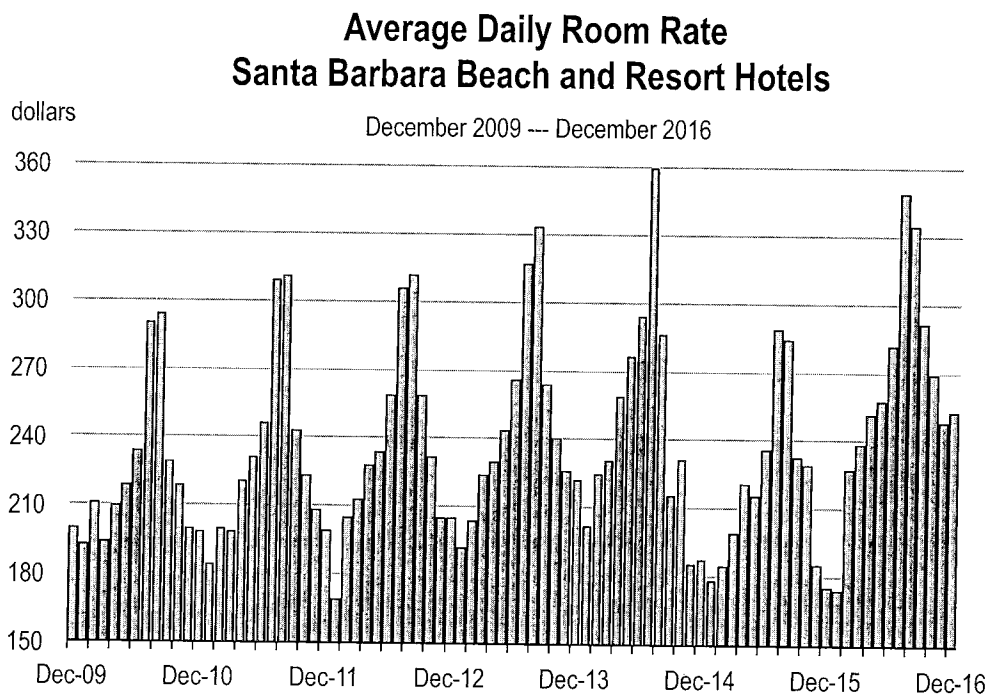
Year around or by season, STR rates per night and per bedroom are less expensive than STR rates in Montecito or Carpinterland / Summeland than in the City of Santa Barbara. There are more STR properties in Santa Barbara and there is more diversity in the type of units for rent.

Santa Barbara Lodging Rates (Formal Hotels & Motels)

Room rates for lodging establishments in Santa Barbara have been gradually rising over time and the current average daily rate is at all time record highs. Data on room rates for all areas of Santa Barbara County are produced by PKF Consulting and distributed by Visit Santa Barbara.

We focus on the ADR (average daily rate) for Santa Barbara Beach hotels and separately for Santa Barbara hotels and motels located off the beach but within the city limits.

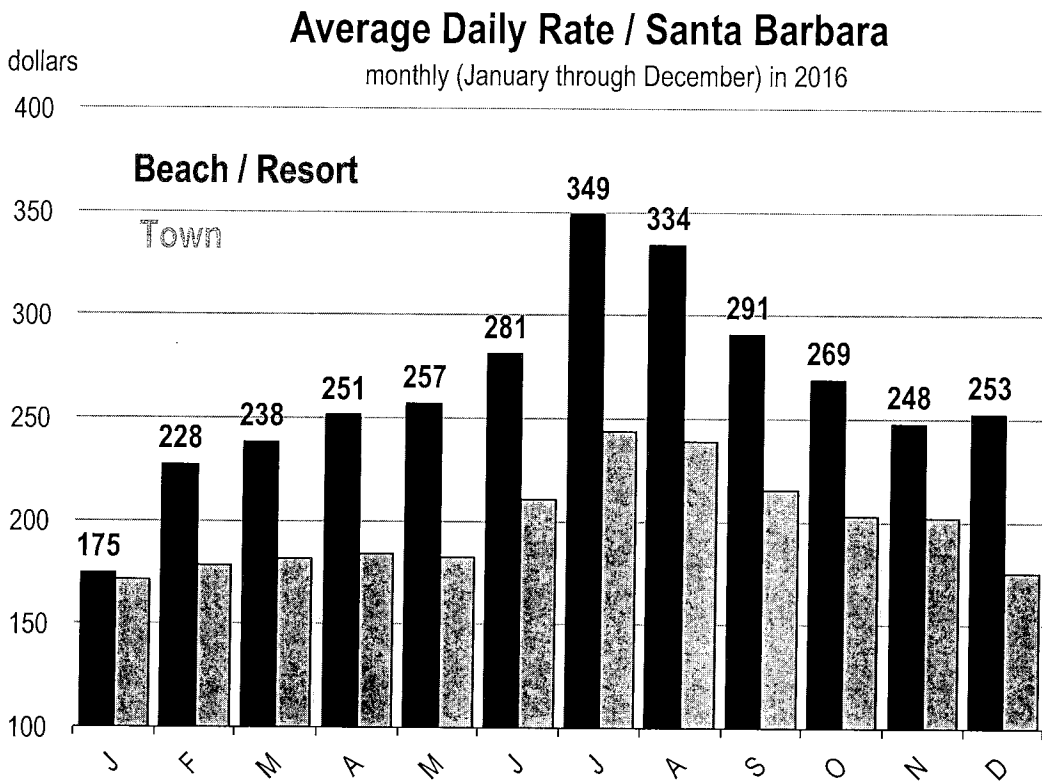
Rates (consistent with the behavior of STR rates over the year) are clearly seasonal, as demonstrated in the following chart.



The high point for the average daily rate came in 2014 when occupancy reached record levels, due in large part to particularly favorable weather in California combined with extraordinarily poor weather in much of the rest of the nation. Occupancy started to stabilize and even weaken in 2015 but it appears that hotels rapidly adjusted their prices to offset any occupancy declines. Demand strengthened in 2016 despite the stronger dollar, due to faster growing economies in the U.S., Canada, Europe, and Asia.

In order to untangle the seasonal volatility, a seasonal adjustment methodology is typically used to evaluate the price and occupancy series' transient lodging over time. However, that is not necessary for the purposes of this report. See Appendix A.

A close up of Santa Barbara hotel average daily rates is shown below by month for the 2016 calendar year, for Beach hotels and for In-Town hotels:



Last year, the July rates averaged \$349 per night. October rates averaged \$269 per night, and February rates averaged \$228 per night.

Now, if you compare with the STR survey above, all of these rates are significantly higher than the average rates per night per room for short term rentals.

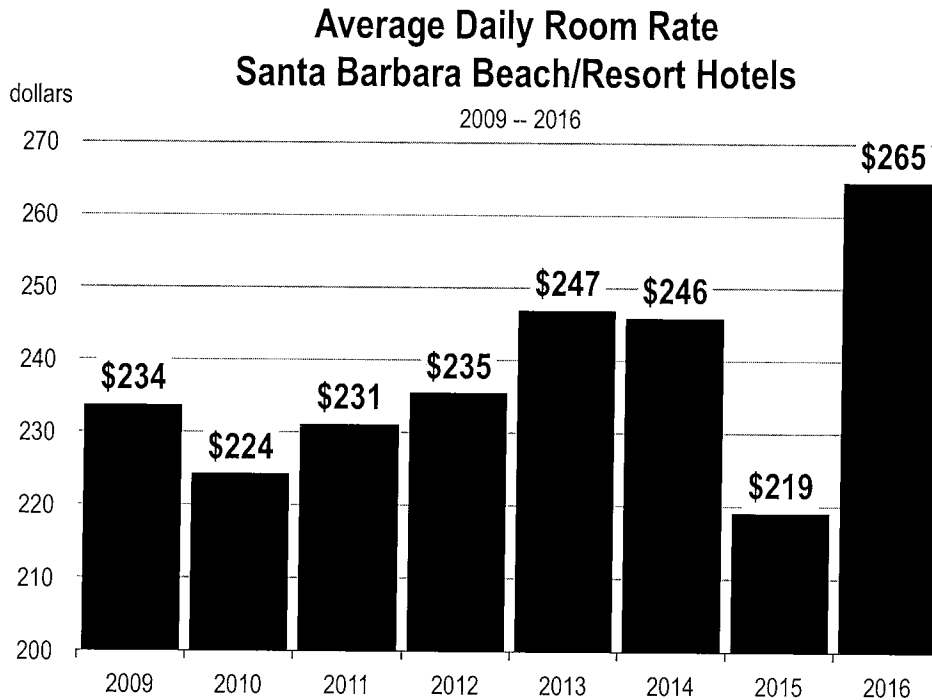
Comparison: Hotels and STRs

In a short term rental which in Santa Barbara is routinely a detached home, condominium or less frequently, an apartment, guests are able to lodge a family of 4

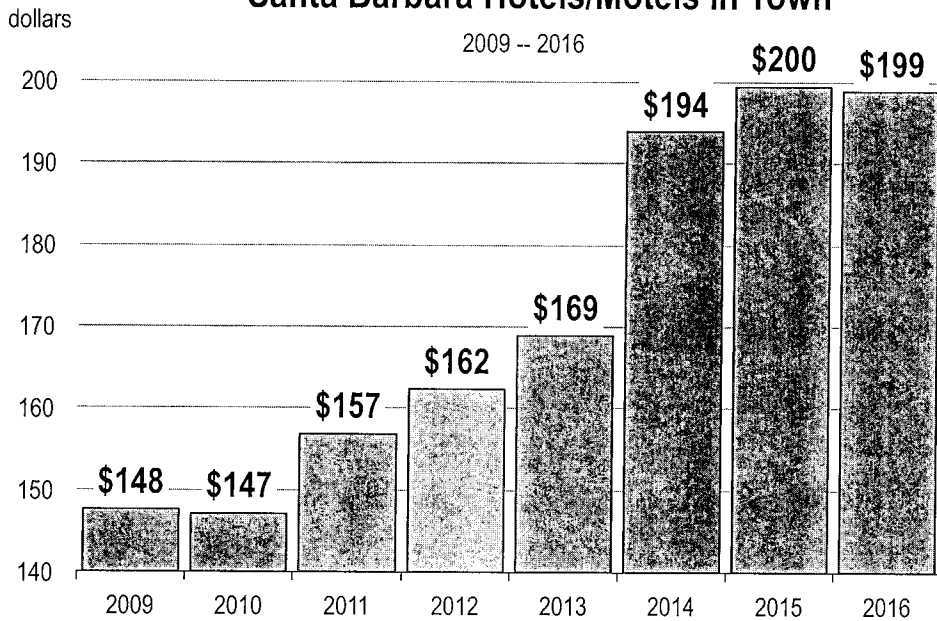
or more in a 2 or 3 bedroom home or apartment. And clearly, the rental rate is on average, lower than renting 2 or 3 rooms (or a suite) in a hotel. The STR will have additional living space including a kitchen, dining room, and more than one bathroom. It will also typically have laundry facilities, a garage or at least some free parking.

Daily rates are higher for the Beach Resort hotels, currently averaging \$265 per night for Beach area (or Coastal Zone) location, and \$199 per night for other hotels/motels in town.

Annual average rates are presented below for Santa Barbara beach area Hotels and In-town lodging facilities.



Average Daily Room Rate Santa Barbara Hotels/Motels in Town



These rates are for a room in a hotel, featuring either a king or two queen beds. Basically the room is for 2 people but might be able to sleep a family of 4 under the best of conditions.

A Self Selected Survey of Hotels on Booking.com

A sample of February and March rates for 30 selected hotels in the South Coast region are presented in the following table. This sample was obtained from Booking.com and the daily rate was collected for the most inexpensive room at the lodging facility for a weekday night: Wednesday of February 22, and March 22, 2017.

The average rate for these 30 hotels was \$268.70 for the March date.² Twenty of these hotels are located in the Coastal Zone. The average rate for Coastal Zone properties was actually less at \$235.45. This is because the Canary, El Encanto, and San Ysidro Ranch properties are not in the coastal zone and were therefore removed from the average. The average rate for Santa Barbara only based properties is \$230.30. What this selected survey indicates is that average hotel/motel rates for the most inexpensive option all exceed \$200 per night.

² A similar sample was collected for 25 of the most affordable hotels for the same date. The average rate was \$116. None were in the coastal zone.

Table 1: Lowest Hotel Prices for selected Santa Barbara area lodging for the Wednesday nights of February 22 and March 22, 2017*

<u>Hotel Name</u>	<u>Best Overnight rate</u>	<u>Location</u>	<u>Type</u>
San Ysidro Ranch	945	Montecito	Resort
El Encanto	468	Santa Barbara	Resort
4 Seasons Biltmore	445	Montecito	Resort
Bacara	425	Goleta	Resort
Spanish Garden Inn	329	Santa Barbara	Hotel
Canary Hotel	302	Santa Barbara	Hotel
Harbor View Inn	250	Santa Barbara	Resort
Santa Barbara Inn	239	Santa Barbara	Resort
The Upham Hotel	232	Santa Barbara	Hotel
Courtyard Marriott	229	Goleta	Hotel
Hampton Inn	226	Goleta	Hotel
Double Tree	224	Santa Barbara	Resort
The Eagle Inn	220	Santa Barbara	Beach
Hotel Milo	219	Santa Barbara	Beach
Hotel Indigo	214	Santa Barbara	Beach
Pacifica Suites	209	Goleta	Hotel
Brisas Del Mar	199	Santa Barbara	Beach
Hotel Santa Barbara	189	Santa Barbara	Beach
The Wayfarer	189	Santa Barbara	Beach
Hyatt Centric	186	Santa Barbara	Beach
Montecito Inn	185	Santa Barbara	Hotel
Encina Lodge	179	Santa Barbara	Hotel
West Beach Inn	172	Santa Barbara	Beach
Beach House Inn	172	Santa Barbara	Beach
La Quinta Inn	169	Santa Barbara	Hotel
The Goodland	169	Goleta	Hotel

*on Booking.com. If this date was sold out, we queried the following Wednesday: March 1, 2017, or March 29, 2017. Many of these hotels have a variety of room sizes and amenities and therefore have much higher ADRs than presented here. Also, weekend rates are in nearly all cases, substantially higher. This is particularly true at the El Encanto, Biltmore, Bacara, Hyatt, and Double Tree.

Summary of Hotel Costs in Santa Barbara

The average 2016 rate was \$265 for Beach properties and \$199 for in-town hotels.

The seasonal averages for formal Santa Barbara transient lodging are shown in the table below:

January – December 2016		
Actual Average Daily Rate Averages		
<u>Season</u>	<u>Beach Hotels</u>	<u>In Town Hotels</u>
Winter	\$ 218.32	\$ 175.03
Spring	\$ 248.92	\$ 182.58
Summer	\$ 321.54	\$ 230.97
Fall	\$ 269.52	\$ 207.06
Annual Average	\$ 264.58	\$ 198.81

Source: PKF Consulting through Visit Santa Barbara, March 2017

Some Additional Comparisons

The Expense of South Coast Hotels are cited as a problem for Coastal Access

It is important to note that a recent article in the Santa Barbara Independent reported on a UCLA study which found the average daily room rate for South Coast hotels among the highest in the state of California.³ The UCLA study by Jon Christensen and Phillip King reported on the lack of affordable lodging options in coastal communities and how this impacts coastal access by Californians. The lack of affordable overnight accommodations was cited by 75 percent of Californians as a problem factor when visiting the coast.⁴

National Comparison of STR and Hotel rates

The fact that STR rates are effectively lower than conventional hotel/motel room rates is not uncommon. There have been many comparison reports prepared on this subject, and all demonstrate that even in expensive cities like New York, Los Angeles, and San Francisco, entire short term rental homes cost less per night than a single room in a hotel.⁵

³ S.B. Hotel Room Rates Among Highest in CA, The Independent, February 10, 2017 edition, <http://www.independent.com/news/2017/feb/10/sb-hotel-room-rates-among-highest-ca/>

⁴ Access for All, What the Coast Means to Californians, And how often they visit, by Jon Christensen, UCLA and Philip King, San Francisco State University, November 2016. <https://www.ioes.ucla.edu/coastal-access/>

⁵ See for example: <https://qz.com/779121/airbnb-vs-hotel-cost-comparison-you-can-rent-an-entire-home-on-airbnb-for-the-price-of-a-hotel-room/>

Please see reference list for more comparison studies.

Summary of Findings

Short term rentals in Santa Barbara rent for an average rate of \$525 per night, and \$419 in the City of Santa Barbara. However, this average rate is associated with an entire 3 bedroom home or condo which includes kitchen facilities and parking, additional rooms and bathrooms and frequently, laundry facilities.

On a per room per night basis, short term rentals are significantly less than conventional hotels and motels in Santa Barbara and the Coastal Zone of Santa Barbara.

The average daily rate is lower for weekly stays in a short term rental whereas weekly stays in a conventional hotel generally offer no such discounts. On a per room basis for families or traveling groups, short term rentals provide a comparatively more affordable alternative to conventional lodging facilities in Santa Barbara including the Coastal Zone.

<u>Season</u>	<u>January – December 2016</u> <u>Actual Average Rates</u>		<u>2017 STR Rates*</u>	
	<u>Beach Hotels</u>	<u>In Town Hotels</u>	<u>Coastal Zone</u>	<u>In Town</u>
Winter	\$ 218	\$ 175	\$ 145	\$ 154
Spring	\$ 249	\$ 183	NA	NA
Summer	\$ 322	\$ 231	\$ 184	\$ 168
Fall	\$ 270	\$ 207	\$ 159	\$ 153
Annual Average	\$ 265	\$ 199	\$ 163	\$ 156
percentage difference from Hotels/Motels			- 38%	- 22%

NA = not available

* per room per night

Source: PKF Consulting through Visit Santa Barbara, and STR Survey, described above

For a week stay, there is frequently no discount provided at hotels or resorts. But at STRs, surveyed rates clearly demonstrate the existence of a significant discount:

**2017 STR Rate Per Night for Stays
of 1 night and for 7 nights or more**

	<u>For 1 night*</u>	<u>For 7 nights*</u>
Winter	\$165	\$139
Summer	\$199	\$173
Fall	\$175	\$152
Average	\$180	\$154

* per room per night
Source: STR Survey, described above

References

Christensen, Jon, and Philip King, Access for All, A New Generation's Challenges on the California Coast, January 2017

<https://www.ioes.ucla.edu/coastal-access/>

Airbnb vs Hotels: A Price Comparison

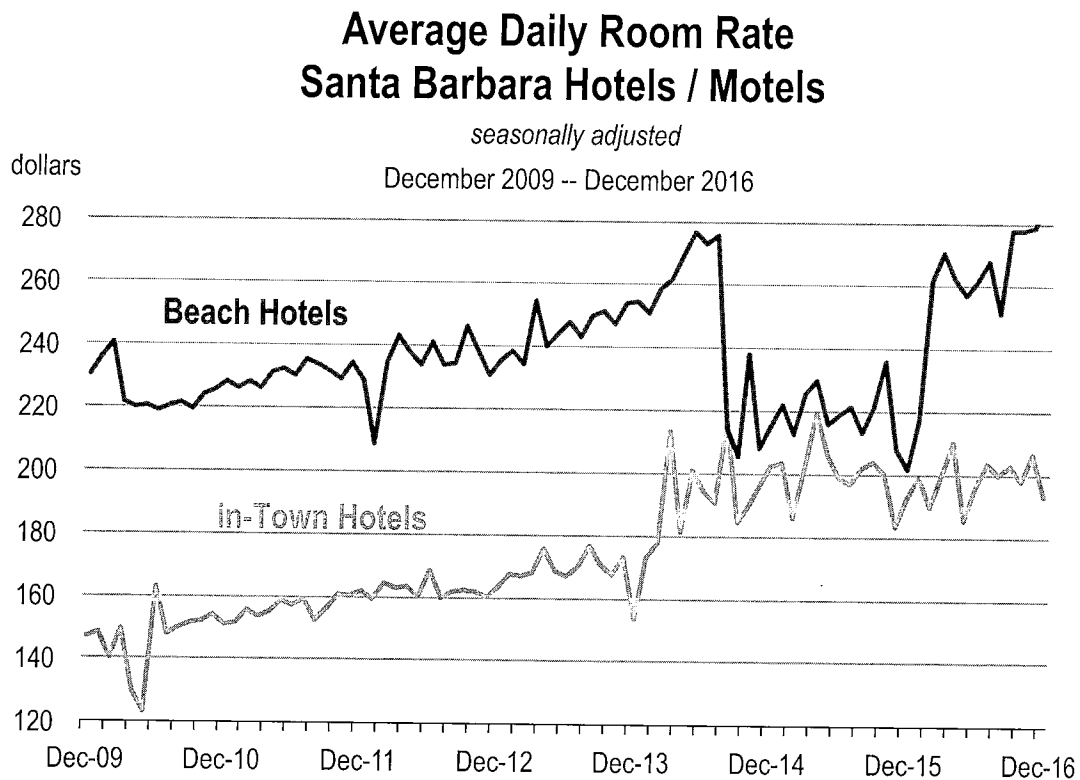
<https://priceconomics.com/hotels/>

Here's where it's cheaper to book an Airbnb over a hotel room

<http://www.businessinsider.com/is-it-cheaper-to-airbnb-or-get-a-hotel-2016-2>

Appendix A

The convention for evaluating average daily room rates over time is to apply a seasonal adjustment factor to produce a more smoothed series. This is a standard statistical approach used when the data series being analyzed exhibits significant seasonal volatility.



When seasonal adjustment is executed properly, the series appears more stable and therefore readable and assessable over time. Note with seasonal adjustment the Beach hotel series does take a dip in late 2014 extending through to November of 2015. We did notice that the average hotel prices were lower during this time period than in past years. This may have been a reporting error on the part of PKF consulting, the source of this information. Alternatively, because occupancy was starting to slip for the most expensive lodging facilities in town at that time, this may have been a more competitive period for local hotels to maintain higher rates of occupancy. During 2015, this was the only period in time in which In-Town Santa Barbara average occupancy was greater than Beach/Resort Hotel average occupancy, over the last 5 years.



A New Generation's Challenges on the California Coast

By Jon Christensen,
UCLA, and Philip King,
San Francisco State
University

California is a world leader in protecting its coast and advancing the right of all people to access and enjoy our beaches and ocean. Many other states and countries have modeled their coastal management efforts on California's example. Yet, our state is facing emerging challenges to public access to the coast. In this report, we present new research findings on California's coastal access challenges and make recommendations for addressing them.

The coastal zone
“is a distinct
and valuable
natural resource
belonging to all
the people.”

The California Constitution first recognized that coastal tidelands belong to the people of the state in 1849. In 1972, California voters enacted Proposition 20, a landmark law that provided for stronger management of California’s coastal areas and required a statewide program for maximizing public access to the coast, protecting and restoring coastal resources, and balancing new development with conservation. In 1976, the state legislature adopted the California Coastal Act, codifying the state’s policy and responsibilities on the coast, declaring that the coastal zone “is a distinct and valuable natural resource belonging to all the people,” that protecting its “natural and scenic resources” is a “paramount concern to present and future residents of the state and nation,” and that “maximum access” to the coast “shall be provided for all the people.”

The Coastal Act applies to the entire California coast and to all state agencies. To lead the Act’s implementation, the Legislature created the California Coastal Commission (the Commission), an independent state agency, and charged it with regulating land and water uses along the coast and guiding development of “local coastal programs” that, in turn, shape local land-use and development decisions. The Commission considers public access in all of its permitting and planning decisions. The State Coastal Conservancy (the Conservancy), created at the same time as the Commission, plays a complementary, non-regulatory role by supporting acquisition of land and easements that provide coastal access; construction and improvement of coastal trails, recreational facilities, and overnight accommodations; and protection and restoration of coastal resources. Both agencies operate grant programs that support nonprofits’ and public agencies’ efforts to provide coastal access and recreational opportunities as well as outreach, educational, and stewardship programs that focus on the coast.

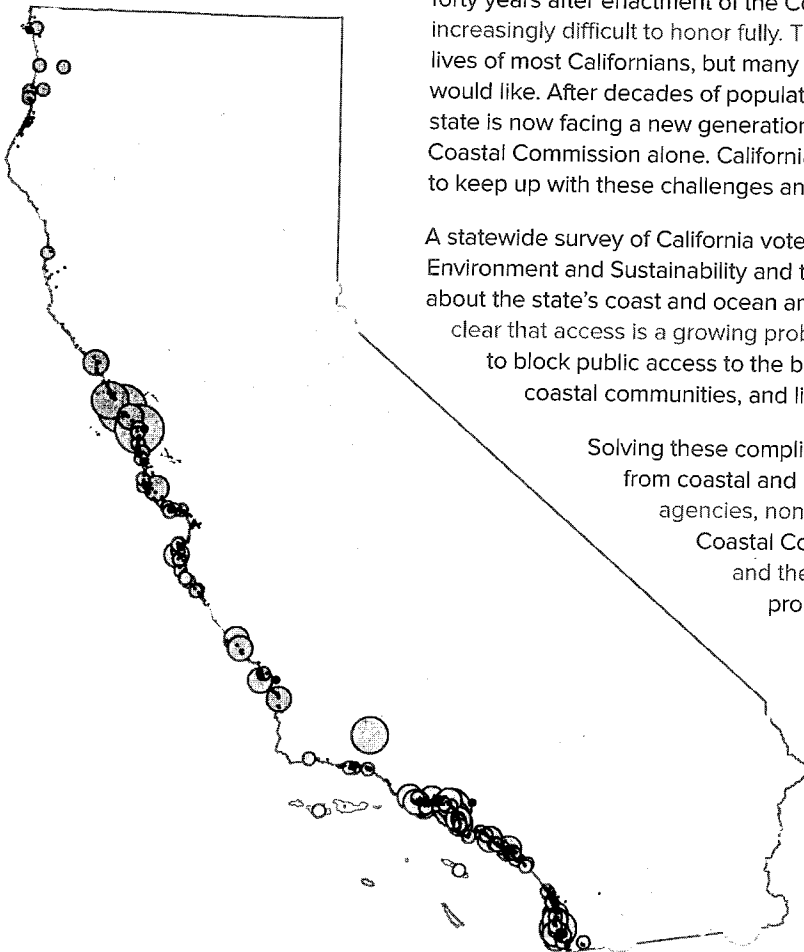
Since the 1970s, the Commission, the Conservancy, and their many partners have made substantial contributions to protection and enhancement of public access along the coast. Yet forty years after enactment of the Coastal Act, its promise of maximum access for all is proving increasingly difficult to honor fully. The coast remains central to the identity of California and the lives of most Californians, but many Californians are not able to enjoy the coast as much as they would like. After decades of population growth and demographic and land use changes, our state is now facing a new generation of coastal access challenges that cannot be solved by the Coastal Commission alone. California will need innovative policies, programs, and investments to keep up with these challenges and maintain meaningful access to the coast for all.

A statewide survey of California voters conducted in October 2016 by UCLA’s Institute of the Environment and Sustainability and the Field Poll found that Californians care as deeply as ever about the state’s coast and ocean and regularly go to the beach. But their responses make clear that access is a growing problem, challenged by the efforts of some private landowners to block public access to the beach, the high cost of visiting and staying overnight in coastal communities, and limited public transportation options for getting to the coast.

Solving these complicated challenges will require communities and leaders from coastal and inland communities, from the private sector, government agencies, nonprofits, and philanthropic organizations, as well as the Coastal Commission, Coastal Conservancy, California State Parks, and the governor and legislators to work together to fulfill the promise of the Coastal Act in the future.

COASTAL ZONE PARKS AND PUBLIC BEACHES

Our coast and public beaches are a crucial part of California’s system of parks and open spaces. This map shows relative visitation rates to all of California’s local, regional, state, and national parks—on the coast (green) and inland (gold)—which we estimated based on Instagram users who post photos from these public spaces. Data courtesy of Stamen Design.



What the Coast Means to Californians

There is overwhelming concern among Californians about access to the coast and strong public support for keeping the Coastal Act's promise of access for all.

A vast majority of voters in the state—90 percent—told our poll that the condition of the ocean and beaches in California is important to them personally, with 57 percent saying it is “very important.” There is broad agreement across voter subgroups about the importance of the coast, with majorities of voters of all age, ethnic, and income groups, as well as voters in coastal and inland counties, confirming that the condition of California's ocean and beaches is important to them.

Our coast and beaches are among our most democratic spaces. Three out of four California voters—77 percent—visit the coast at least once a year, and many visit more often. One in four say that they visit the coast once a month or more, while another 38 percent visit several times a year. Voters under age 40, parents of children under age 18, and those residing in coastal counties are more likely than others to visit the coast more frequently.

A beach intercept survey of 1,146 people at eleven Southern California beaches in Ventura, Los Angeles, and Orange Counties, conducted by the authors in the summer of 2016, found that the primary reasons that people come to the coast are widely shared across all demographic groups. We found remarkable consensus among different age, income, and ethnic groups when we asked why they come to the beach, what they do at the beach, and

the obstacles they encounter getting to the beach. Across all of California's diverse demographic groups, people come to the beach to relax and enjoy the scenery, and to give their children a place to play. They come to walk, and wade or swim in the surf. When they get to the beach, they want clean sand and water, and they expect basic amenities such as trash cans, restrooms, and parking.

CALIFORNIANS LOVE THE COAST

Between 83 and 94 percent of California voters say the condition of our ocean and beaches is important to them personally. Darker colors represent a higher percentage of voters in each region.



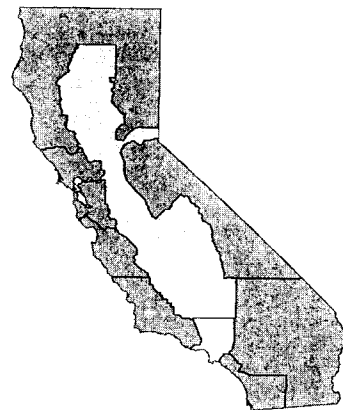
Today's Access Issues

Yet, despite the Coastal Act's guarantee of access for all, our poll and beach surveys found significant barriers. Access to the coast was cited as a problem by 62 percent of voters, a significant majority. Limited affordable options for parking were seen as a problem by 78 percent of voters. And 75 percent cited limited options for affordable overnight accommodations, which was rated a big problem at a higher rate by Latino voters and families with children. Limited public transportation options were cited as an important barrier to the coast by 68 percent of voters.

Central Valley voters are less likely to visit the coast, with 39 percent visiting less than once a year. African Americans are also less likely to visit the coast, with 33 percent visiting less than once a year, and 30 percent of those indicating that not knowing how to swim is one reason they do not go to the beach more often. Income is also a factor. Voters with annual household incomes greater than \$60,000 are more likely to visit

LACK OF AFFORDABLE OVERNIGHT ACCOMMODATIONS

Between 73 and 76 percent of California voters say limited affordable options for overnight stays on the coast are a problem. Darker colors represent a higher percentage of voters in each region.



the coast more frequently than those earning less than \$40,000 a year. Our beach intercept surveys corroborated these findings from the statewide poll and also found that the overall cost of visiting the coast is more of a limiting factor for people between 30 and 39 years old and for families with children. And a lack of affordable options for overnight stays is more of a factor for people 18 to 39 years old and families with children.

Beach and Beachgoer Profiles

While people mostly come to the coast and beaches for similar reasons and want similar things when they get there, the demographic profiles of individual beaches can be strikingly different. Some beaches more closely reflect the demographic diversity of California and surrounding communities than others. For example, beachgoers at Santa Monica Beach fairly closely reflect the demographics of California, while also drawing visitors from other states and countries. A little farther south, Dockweiler State Beach, under the flight paths of airliners departing from Los Angeles International Airport, attracts more Latinos, African Americans, and families with lower household incomes than Santa Monica Beach, while farther south, Doheny State Beach in Dana Point in Orange County attracts more white visitors from families with higher household incomes. These patterns are likely the result of a complex combination of factors, including self-sorting, or people choosing beaches where they will feel welcome; the amenities that are available at different beaches, such as the fire rings at Dockweiler; and the communities closest to each of these beaches, which influences who comes to the beach; as well as historical patterns of visitation and discrimination at different beaches.

To face the next generation of access challenges, we have to understand these patterns. We also need to understand that while coastal access is important and guaranteed for all by the Coastal Act, not everyone has the same needs and faces the same challenges accessing the beach. Through our statewide poll and beach surveys we found that identifying some of the various factors that affect different kinds of beachgoers can help us think through strategies to address these needs and challenges.

Young people, 18 to 24 years old, are more likely to come to the beach alone to swim or wade. Public transportation is more important to them. And they are concerned about cost, particularly the cost of overnight accommodations at the coast.

Families with adults 35 to 44 years old tend to come in larger groups. They want a place for their children to play. And they are more likely to stay in a hotel if they stay overnight on the coast. They are more concerned about the availability of affordable parking adjacent to the beach and the cost of overnight accommodations.

Latino beachgoers are more likely to be millennial parents with children who are seeking a place for their children to play. They come in larger groups. Amenities such as parking, restrooms, and trash cans are more important to them. And they like to see lifeguards on duty. They are concerned about the cost of parking and overnight accommodations and the lack of public transportation options for getting to the beach.

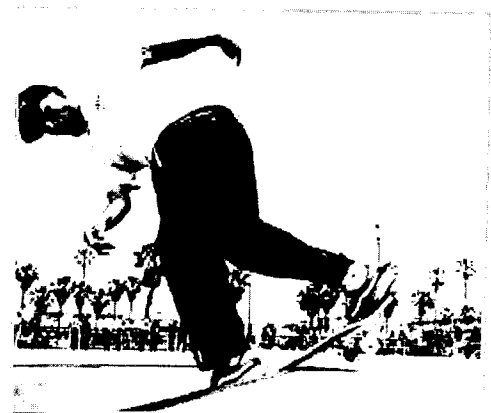
Older beachgoers, over 75 years old, are more likely to come to the beach alone or with one other person. They come to walk on the beach. They want



itapakang

Follow

Since I was a kid, I've appreciated the sense of freedom playing on the beach, the ability to wander, and become immersed in the ocean ecosystem...



zboycontreras
Venice Skatepark

Follow

A lot of people think a perfect beach is one in commercials with two people in the middle of nowhere on lounge chairs. But that's just a vacation. The perfect beach is one you can go to every day and there are lots of people there and it's alive.

parking nearby and are concerned about the lack of public transportation. Cost is a concern for them. They spend less time each day on the beach, and visit less often, but their overnight stays are longer.

Beach visitors who travel longer distances to the coast come less often. And they tend to be concerned about cost, particularly the cost of overnight accommodations, as they may want to stay overnight.

Three out of four California voters—77 percent—visit the coast at least once a year, and many visit more often.



The Cost and Value of Visiting the Coast

In order to better understand the key components that factor into the cost of visiting the coast, we examined the overall value and cost of visits for beachgoers in our surveys, as well as their willingness to pay for parking and lodging.

The availability and cost of parking are seen as a problem by 78 percent of California voters. And in our beach intercept surveys we found that most visitors said nearby parking is essential. In our statewide poll and beach surveys, we asked people about their “willingness to pay” for parking. We found that the median amount that people said they are willing to pay for parking for a day at the beach is \$8.75. Younger people are willing to pay more than older people. Households with children are willing to pay more than those without children. And households with higher incomes are willing to pay more on average, though very few if any are willing to pay more than \$15 per day for parking.

It is important to note that “willingness to pay” findings reflect people’s stated preferences and not their actual behavior. We know that many of the respondents to our beach surveys in Ventura, Los Angeles, and Orange Counties often paid significantly more than \$8.75 for parking based on the actual current cost of nearby parking. So how do we interpret this kind of data? It is useful to know that the cost of parking is perceived as an important barrier to access to the beach. When we look at the value of a daytrip to the beach, we will see why people are so sensitive to the cost of parking.

The cost of overnight lodging on the coast is likely to be an even more important barrier to access, particularly for visitors from inland areas of the state. In our statewide poll, we found that, on average, California voters stated that they were willing to pay \$117.65 per night for lodging on the coast. Visitors from coastal areas are willing to pay more on average than visitors from inland counties, although visitors from inland counties might be expected to have more need for overnight accommodations given travel distances to the coast. Latinos and African Americans were willing to pay less on

For many Californians, the cost of a trip is the biggest barrier to visiting the coast.



average to stay overnight at the beach. And households with children were willing to pay more, as were households with higher incomes.

These findings were corroborated by our beach surveys, although visitors who were surveyed on the beach said they were willing to pay slightly less for lodging. Beachgoers in households with California's median income of \$63,636 were willing to pay \$82 per night for overnight accommodations. Households with 80 percent of the median income, or \$50,908, which is a commonly used definition of "disadvantaged households" in California policy and law, were willing to pay \$78 for overnight accommodations. And Latino households were willing to pay on average \$16 less than other households in the survey. One out of five people we surveyed at the beach were staying overnight on the coast. Just over half of them—54 percent—were staying in a hotel, motel, or short-term rental, 29 percent were staying with family or friends, 10 percent were camping or staying in an RV or boat, and 4 percent were staying in a second residence or long-term rental.

We reiterate that these "willingness to pay" findings are useful signals of people's preferences. And the cost of overnight accommodations on the coast is perceived as a problem by many Californians. But these results need to be interpreted in the context of other information about people's actual observed behavior.

Accordingly, we also used a "travel cost model," a standard tool used in economics, to estimate the demand for beach visits and the value of trips based on how much it cost people to travel to the coast. The travel cost model gives us more information about how much visitors actually value a visit to the coast. It is a useful approximate indicator of the value of a trip to the beach based on people's observed behavior.

In our surveys of actual beachgoers, we calculated that the average value of a daytrip to the beach based on the total economic demand for daytrips is \$36.74 and that the average cost of traveling to the beach and home again—not including the costs of parking, food, and activities—was \$22.09. The difference of \$14.65 is the "surplus value" generated by the average daytrip. If the average trip were to cost \$15 more, many visitors might elect not to visit the beach. This finding explains why beachgoers are sensitive to the cost of parking and day use fees, which can exceed \$15 in many locations.

For overnight visitors, we calculated that the average value of a multi-day trip to the coast was \$605.05, with roundtrip travel costing on average \$194.41—not including the price of overnight stays—leaving a surplus value of \$410.64. With overnight visitors staying an average of four nights on the coast, the surplus value left over for accommodations is just \$102.66 per day. Given the difficulty of finding a place to spend the night on the coast for that amount, it is easy to see why Californians might decide they cannot afford to visit.

While we should be cautious and avoid relying too much on any single number in these analyses, our findings clearly show that for the majority of visitors, a trip to the California coast is a close call in terms of cost. These numbers help illuminate why so many of the people we surveyed in our statewide poll and on beaches are concerned about the cost of visiting the coast. Our research strongly indicates that the principal factors affecting the cost of visiting the coast are distance from the coast, and thus the cost of getting to the coast, and the cost of overnight accommodations and parking. Individual factors, such as income, age, and whether a family is traveling with children are important, too, in shaping whether and how often Californians visit the coast.

We need to ensure that these most democratic of public spaces are equally accessible to everyone, now and in the future.

Conclusion

The California coast and beaches are among our state's most important democratic spaces. Despite our differences, we all share a love of the coast and many of the same desires and reasons for coming to the beach. Under the Coastal Act, our beaches are open to all of us under the law. We need to make sure they are also equally accessible to everyone, now and in the future.

Many different players will need to come together to address today's coastal access challenges. Local transportation authorities control most public transportation on the coast. Parking is managed by a variety of agencies, from local cities,

counties and other agencies, to regional, state, and even federal entities. A variety of park agencies as well as nonprofit community organizations provide coastal access opportunities through recreational programs, especially for youth. And while State Parks manages campgrounds and cabins along the coast, much affordable lodging is provided by the private sector. Our current and future coastal access challenges cannot be solved by the California Coastal Commission, State Coastal Conservancy, and State Parks alone, although they and the governor and legislature can provide leadership that will be essential for success.

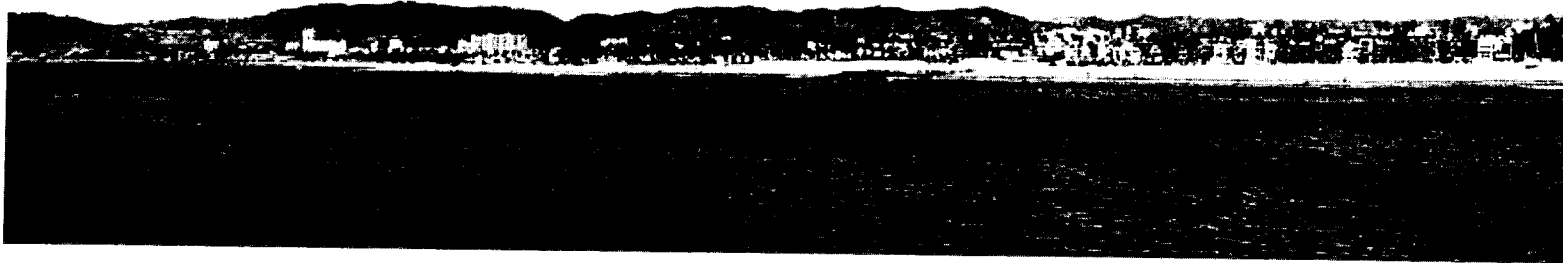
Recommendations

To address the next generation of challenges to providing coastal access for all, we offer the following recommendations:

➤ **Focus legislative and executive branch attention on the coast.** Today's coastal access challenges are complicated. They will not be met without sustained, focused attention from the California Legislature and the executive branch of state government. Most importantly, California's leaders should understand that the coast is home to some of California's most valued public parks and open spaces—including the beach itself—and that millions of Californians of all backgrounds visit the coast each year, many from hours away. Updated and enhanced policies and funding are likely to be important strategies for improving coastal access. For example, California could allocate increased funding to public transportation to beaches and coastal parks, as well as to development and improvement of affordable overnight accommodations and recreational facilities. California could also develop and support grant programs that help provide lower-income and middle-class families with outdoor recreational and educational opportunities along the coast. Such solutions could stand alone, or they could be integrated into broader measures designed to enhance California's parks, transportation, and public health. Finally, California should ensure that coastal public access programs at agencies such as the Coastal Commission and Coastal Conservancy have sufficient staffing and resources to collect needed data about coastal users, develop and implement strategies to meet emerging public needs, and support local and nonprofit efforts to enhance access. Leadership is also important for coastal access: for example, new appointees to the Coastal Commission and other agencies with coastal management responsibilities should clearly understand California's demographic changes and evolving access challenges, as

well as California's legal requirement to maximize public access to the coast for all. Finally, the Commission and Conservancy, despite their dedicated and often successful efforts, cannot do this alone. Other partners, such as the State Lands Commission and State Parks (managers of a third of California's coastline), local governments, the private sector, nonprofits, and philanthropies, will also have important roles to play. A wide range of partners should be encouraged and supported to take part in programs that protect and improve access to the coast.

- **Change the narrative of coastal access.** For the first forty years of the Coastal Act, ensuring coastal access has been interpreted by many to mean providing direct physical access to and along California's publicly owned tidelands and beaches. Physical impediments to direct access remain, with some wealthy landowners illegally blocking the public from getting to the beach. Accordingly, the Coastal Commission and other agencies with coastal management responsibilities must remain vigilant in protecting existing and, where possible, opening new public accessways to the beach. At the same time, more attention needs to be paid to providing adequate public transportation to the coast, increasing the availability of outdoor education and recreation opportunities, particularly for young people who have not experienced the coast, and the protection and provision of affordable recreational opportunities and overnight accommodations that meet the needs of lower-income and middle class families. This next generation of challenges will be more complex and require collaboration with many other players, from leaders in coastal and inland communities, to the private sector, government agencies, nonprofits, and philanthropies, as well as the governor and legislators. The Coastal Commission and Conservancy should focus communication efforts on telling that story and on building effective partnerships in the coming years.
- **Protect and increase the supply of lower-cost overnight accommodations on the coast.** Solving this barrier is



key to providing access to the coast for many Californians. It cannot be solved by the Coastal Commission and Conservancy alone, but they can and should lead the effort. The Coastal Commission is embarking on an initiative to develop standards and policies for maintaining the existing supply of lower-cost overnight accommodations on the coast. With the Conservancy as a non-regulatory partner, along with other key partners such as State Parks, local park and open space agencies, and local governments, the Commission can help to stop the decline in the supply of lower-cost accommodations and increase that supply over time. This goal should be made a high priority and given adequate support to succeed.

- **Enhance options for getting to the beach using public transportation.** Low-cost express buses to the beach from inland communities in the San Fernando Valley have long been popular on summer weekends in Los Angeles and may be a good model for other areas. The last quarter-mile to the beach is particularly crucial. People do not want to walk more than a few blocks when they get to the coast, especially if they are elderly visitors or families with small children loaded down with beach and picnic gear. Public transportation needs to get to the beach. If it does not, a stop-gap solution, such as a shuttle across the last stretch, will likely be necessary for people who take public transportation to the coast.
- **Recognize that adequate and affordable parking is understood by many Californians as a critical element of coastal access.** Parking on the California coast is perceived as a problem by a majority of people from every corner of the state. Visitors want to park no more than a few blocks from the beach. And the average amount that they say they are willing to pay for parking is under \$10 a day. At the same time, parking and day use fees can help to pay for needed amenities that enhance visitors' experiences along the coast. User fees are part of the revenue stream that supports parks in California. The Legislature could provide better policy guidance for the fees set by State Parks, and the Coastal Commission could work with other agencies on the coast to establish more predictability for visitors in different regions of the coast. Increasing predictability in parking and day use fees—and helping visitors understand what their fees pay for—could reduce uncertainty and

confusion and increase support for reasonable fees if visitors understand how they are contributing to maintaining and improving coastal access. California could also explore ways to make it easier for low-income families and individuals to get passes that provide free or low-cost use of parks and parking areas along the coast.

- **Support groups changing the culture of access to the coast.** Dozens of groups up and down the coast are working in a variety of creative ways to promote coastal access and deepen the ties of diverse Californians to our coast and beaches. Groups such as Brown Girl Surf in Northern California and Outdoor Outreach in San Diego bring young people to the beach, including youth who live near the coast, but have never been to the ocean. The Central Coast Alliance United for a Sustainable Economy (CAUSE) is organizing low-income communities to ensure that they have a voice in development decisions along the coast and enjoy the same kind of access to the coast and beaches as more wealthy communities. There are many other nonprofit groups and parks and recreation agencies doing similar work in coastal and inland communities, and more are emerging. These organizations depend on philanthropic and public funding to sustain their outdoor education and recreation programs and more support is needed to expand these efforts beyond coastal communities and counties to help inland communities, and particularly young people, gain access to and experience the California coast. The future of California's passion for protecting and enjoying our coast and ocean will depend on them.

This report was written by Jon Christensen, adjunct assistant professor at the Institute of the Environment and Sustainability at UCLA, and Philip King, associate professor of economics at San Francisco State University. The analysis was conducted by Christensen, King, and Craig Landry, professor of agricultural and applied economics at the University of Georgia. This report was designed by GreenInfo Network, with consulting by Bixler Communications. Cover image by Bywaters, CC BY/Flickr. This research was conducted under a grant from Resources Legacy Fund. For more information, contact jonchristensen@ioes.ucla.edu. For an interactive online version of this report, as well as data and sources, see ioes.ucla.edu/coastal-access.

Daly, Julia Rutherford

From: Tera Neumann <teraneum5@gmail.com>
Sent: Monday, June 05, 2017 12:31 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: Fair Regulation for STRs in SB County

Dear Board Members,

Thank you in advance for reading my email. I'm writing you in regards to Short-Term Rentals (STRs) in Santa Barbara County.

I am employed in the STR Industry, and any decision to prohibit STRs would most likely cause me to lose my job. STRs are good for Santa Barbara, and I urge you to regulate them and propose an action for Fair Regulation, not a ban altogether.

I love my job and this industry, and I would absolutely hate to lose my job and not be able to continue to work in this industry, while also making a living so I can live in this beautiful area we all call home.

Banning STRs is not the right choice here. Fair Regulation IS the right choice, and I really urge you to do research and make a decision that allows us to continue working in this beautiful area, providing so much to the tourism industry, and also providing for our families.

Thank you very much for your time.

Sincerely,

--
Tera Neumann

Daly, Julia Rutherford

From: Ilyce <ilycee@aol.com>
Sent: Monday, June 05, 2017 1:59 PM
To: Williams, Das; Wolf, Janet; jhartmann@countyofsb.org.; Adam, Peter; steve.lavagnio@countyofsb.org
Cc: sbcob
Subject: STR

Dear Board of Supervisors,

I am sorry that you are receiving this correspondence in the eleventh hour but we just returned to the states and I felt I must participate in this critical meeting.

I have had vacation homes on the Riviera since 2003. I have rented my homes full time in the past only to find that they have been destroyed by tenants that were well vetted and local professionals. After many years of disappointment I then decided to join Paradise Retreats. Doing STRs allowed me to cover my mortgage, not including taxes usually which in SB are very high, but that is okay. I could also have the luxury of using my property from time to time and check on it continually for repairs and improvements. Not having to rent full time let's me maintain the property the way only an owner really can do. It is sad what people over time will do to a home that is not theirs.

My home has been open to many people from all over the country and the world who love to come to Santa Barbara and are quite often repeat visitors. These folks come into your beautiful town and take advantage of all your great county has to offer. It would be a shame not to keep this an option for visitors.

As an owner of a STR I would not sell my home or rent it long term as I have been there and done that. One time I had to take the renter to court. I never could collect on the \$15,000 judgement that was awarded to me and it was extremely difficult to get the tenants out of the home.

I believe that the bed tax has been a nice windfall for the County. My neighbors are fine with the STR situation and I believe they are much happier having sporadic tenants rather than people in full time.

If the Board would allow STRs and regulate them as you see fit I think it will be a win win for the majority of property owners and most importantly for the County's economy that relies heavily on tourism.

I look forward to seeing you tomorrow and am hoping for a resolution in favor of STRs.

Thank you for your continued service.

Sincerely,

*Ilyce Dawes and
Walter Dawes*

Daly, Julia Rutherford

From: Todd Shays <tshays@me.com>
Sent: Monday, June 05, 2017 3:09 PM
To: Hartmann, Joan
Cc: sbcob
Subject: PLEASE do not ban STRs in any AG zones

Honorable Supervisor Hartmann -
I urge you not to ban short term rentals in Santa Barbara County.

I see so much loss and so very little gain in a broad ban on STRs. **Please regulate - don't ban.** Responsible hosts such as my wife and I will happily comply with responsible and appropriate regulations and will continue to collect and remit TOT as we do now.

My wife and I discovered the Santa Ynez valley by staying in a short term rental in Los Olivos in 2005 and loved it so much we came back many times each year staying in different rentals. In 2015, we were able to buy a home on a 5 acre AG-I lot in the countryside with hopes of moving up there permanently when we wrap our careers in Los Angeles. In the meantime, we are in our home every few weeks - as often as we can get up here. We rent short term in order to help cover a portion of our mortgage when the home sits empty. We will never rent the home long term as we bought the house to enjoy it ourselves. And even if we did rent it, we would need to charge over \$5,500 per month just to cover the mortgage, taxes and insurance - so this would have NO effect on affordable housing stock.

If you ban STRs, here's the loss just from our home:

- Our neighbor's 16-year old son **loses a part time job** helping his dad manage our property
- Our cleaner in Buelton would **lose about \$12,000 in annual income**
- Local restaurants would **lose over 500 meals** per year from our guests
- Local supermarkets would **lose thousands of dollars of sales**
- Santa Barbara County residents would lose about \$6,000 in TOT income
- My wife and I would lose **tens of thousands of dollars** of retirement income as we divert retirement money to pay the full cost on this home without the ability to offset those costs by sharing our home with paying guests when we're not there

What is gained from banning rentals on our AG-I-5 lot? Nothing. **Our neighbors like having our guests there.** There is NO problem with noise. There is NO problem with trash. There is NO problem with parking. There is NO chance our home becomes available inventory for long term renters at any price.

The ordinance as drafted by staff is an **extremely heavy handed approach** to a problem that doesn't exist in the countryside homes of Santa Ynez valley where we've been guests and now own. Banning STRs on AG-I lots would completely change Santa Ynez Valley, hurting its economy, making it clear that guests from out of town are no longer welcome and losing tax revenue.

Please regulate. Don't Ban. Please.

Thank you,

Todd Shays
Santa Barbara County Homeowner and sometimes STR host

Daly, Julia Rutherford

From: Nathan Nienhuis <nathannienhuis@gmail.com>
Sent: Monday, June 05, 2017 3:20 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve
Cc: sbcob
Subject: Save The Rentals!!

Dear Board Members,

My name is Nathan Nienhuis. I am 28 years old and I have lived in Santa Barbara for the past 5 years. I am married, and I have my first child on the way. I have been able to live in beautiful Santa Barbara because of my employment in the tourism industry. Without my job, I will not be able to afford living in Santa Barbara and I may need to relocate.

I kindly ask that you ALLOW fair regulation of short-term rentals.

As an employee of a company that is in the STR industry, I handle all of the finances of the guest's, owner's, and company. I have seen the impact that our guest's have on our local economy, I have seen the costs our owners put into their homes to make them increase property values in our town, and I have paid the large TOT payments to the county. I have seen how the STR industry has supported ALL residents of Santa Barbara County.

I ask that you think about all the employees who will lose their jobs, and the loss of financial support that banning STR's will have on ALL of us.

Please allow STR's to be regulated in the Santa Barbara County.

Thank you for taking the time to read this email.

Nate Nienhuis
Resident of Santa Barbara County

Daly, Julia Rutherford

From: James Fenkner <fenkner@yahoo.com>
Sent: Friday, June 02, 2017 5:59 PM
To: Williams, Das; Wolf, Janet; Hartmann, Joan; Adam, Peter; Lavagnino, Steve; sbcob
Subject: False or Incomplete Information Provided to County Board of Supervisors by Staff
Attachments: ATTACHMENT 1.2.png; Board Letter - False or Incomplete Information Highlighted.pdf; ATTACHMENT 1.6a.pdf; ATTACHMENT 1.6b.pdf; ATTACHMENT 1.6c.pdf; ATTACHMENT 1.6d.pdf; ATTACHMENT 1.7.pdf; ATTACHMENT 1.8.pdf; ATT00001.txt

Dear SB County Board of Supervisors,

I write to you as a concerned citizen.

I am alarmed that county staff has provided the SB County Board of Supervisors with false and misleading information as regards Short Term Vacation (STR) rentals in SB county. Please see the attached document titled "Board Letter - False or Incomplete Information Highlighted" and the several attachments which support the review of this document.

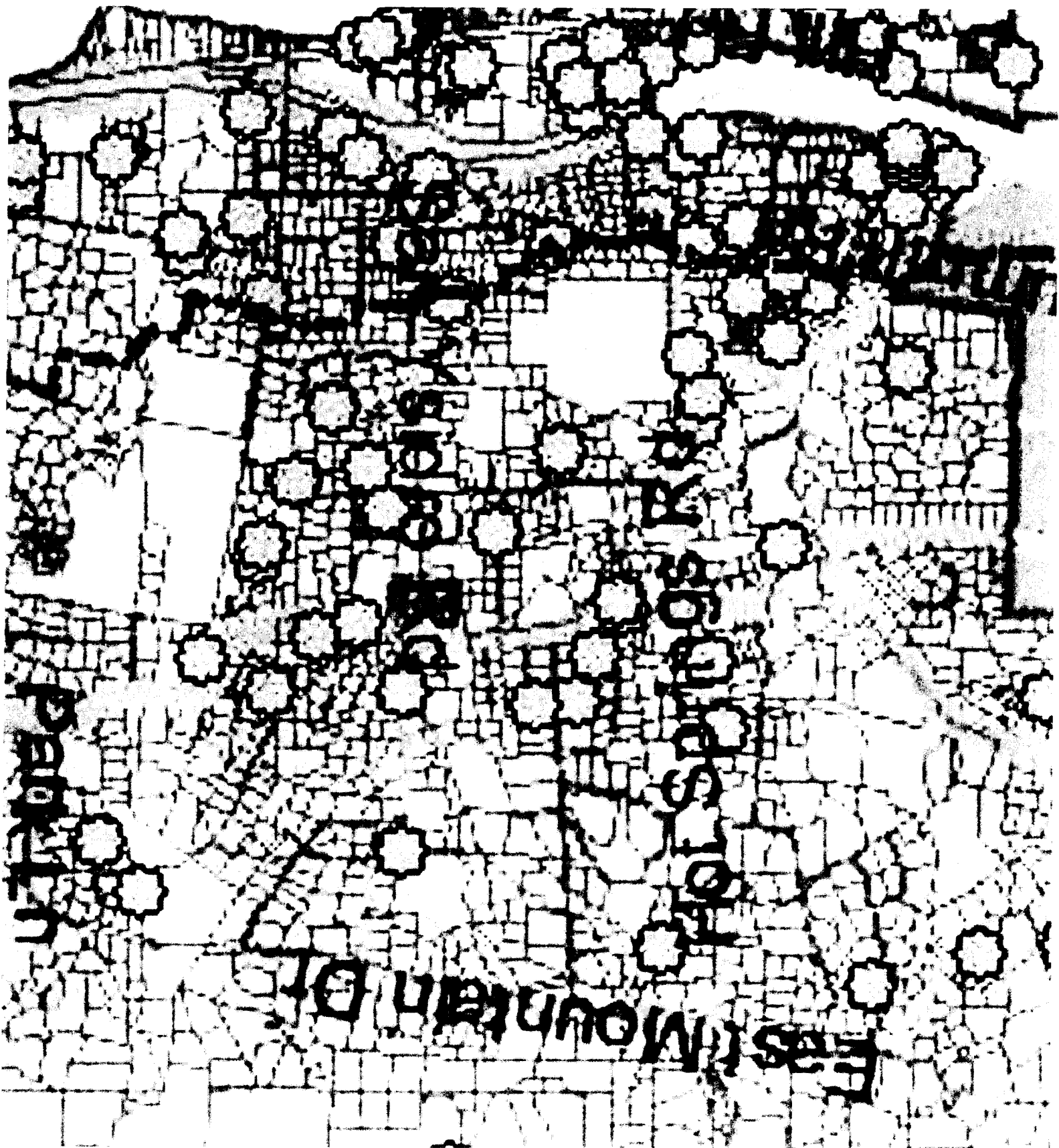
I am very concerned that without corrected information, the County Board of Supervisors may not be able to draw the appropriate conclusions as regards STR in SB County. The larger question remains as to why SB County Staff is not providing accurate and unbiased information to our county's highest decision makers on such important matters.

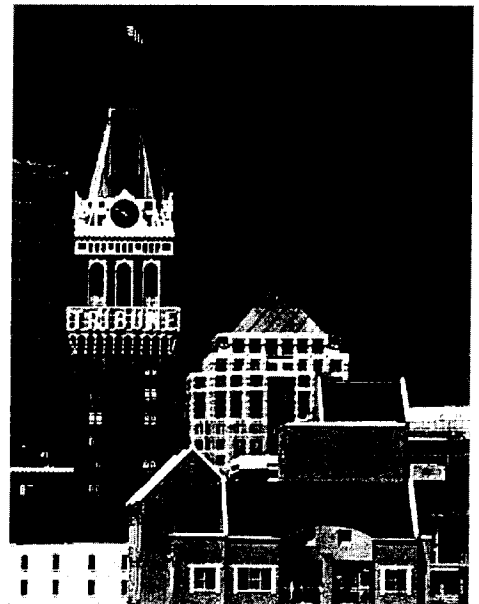
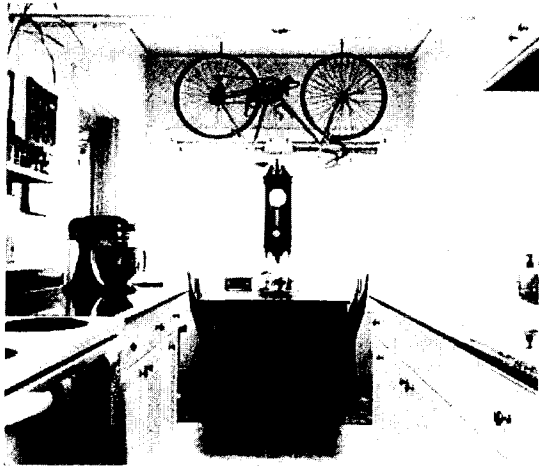
Thank you for your consideration.

Best Regards,

James Fenkner, CFA
805 455 7800

>
>





THE IMPACT OF SHORT TERM RENTALS ON AFFORDABLE HOUSING IN OAKLAND: A REPORT AND RECOMMENDATIONS

PREPARED BY **DESSI MIA CARBAJAL**
FOR **COMMUNITY ECONOMICS, INC**
AND **EAST BAY HOUSING ORGANIZATIONS**
DECEMBER 2015



Community
Economics
a nonprofit corporation



REPORT RECOMMENDATIONS

1. The City should collect the full 14% Transient Occupancy Tax (TOT) from short-term rental businesses in Oakland with a requirement for full disclosure of all rental transactions.
2. The City should allocate 11% of TOT collected to the City's Affordable Housing Trust Fund.
3. The City should enforce existing regulations on short-term rentals such as licensing and business registration, as well as compliance with local zoning laws.
4. City Council should support SB593 (Sen. McGuire) requiring short term rental companies to make regular reports to cities and counties about which homes in each jurisdiction are renting rooms, for how many nights and how much money the homeowners are collecting from short-term rentals.
5. The City should study and consider further regulations, such as limiting the number of nights per year an entire unit may be rented.

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About Community Economics:

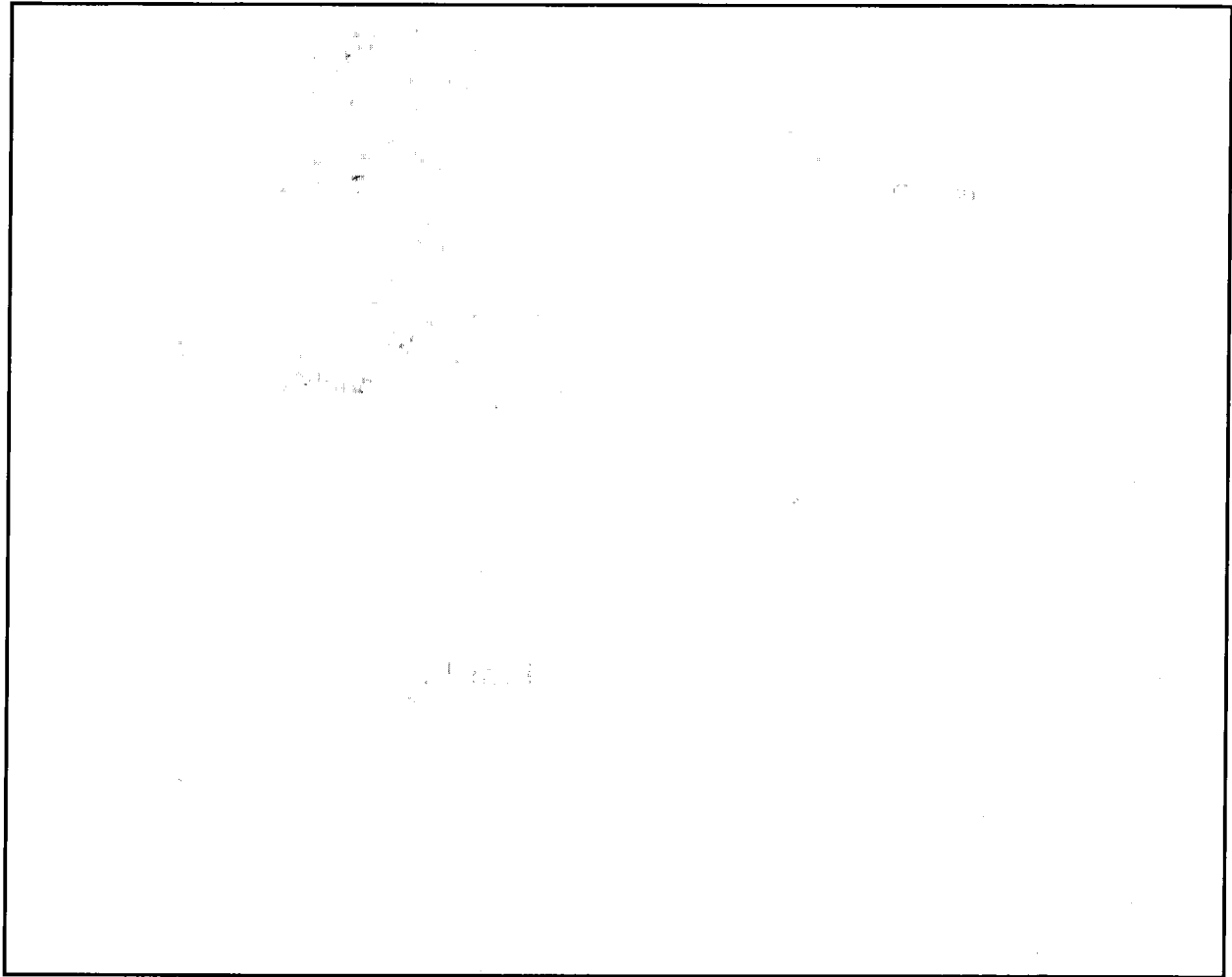
Community Economics (CEI) provides non-profit organizations and public agencies with expert technical assistance in the financing and development of affordable housing. Through that technical assistance and through involvement with local, state, and national housing policy issues, CEI has been at the forefront of the affordable housing movement, developing creative solutions and resources to meet the housing needs of low income households.



About East Bay Housing Organizations:

East Bay Housing Organizations (EBHO) is a non-profit membership organization dedicated to working with communities in Alameda and Contra Costa counties to preserve, protect and expand affordable housing opportunities for the lowest income communities through education, advocacy, organizing, and coalition building. Founded in 1984, EBHO is the leading voice for affordable housing in the East Bay.

We would like to thank **Frances Kwong** of **HKIT Architects** for donating graphic layout services.



Snapshot of Oakland Airbnb Listings from InsideAirbnb. Dots marking Entire Homes are in red, Private Rooms in green and Shared Rooms in light blue. (Source: Webscrape of Airbnb website prepared by Murray Cox, June 2015)

Background and Introduction

Short term rentals in the San Francisco Bay Area are generating major controversy because of their impact on the regional housing crisis. Led by Airbnb, by far the largest of the group, these online rental companies have burst onto the scene with thousands of listings throughout the Bay Area. Concerned that these tourist accommodations conflict with local ordinances and decrease housing availability, several local communities including San Francisco and Berkeley are considering how to regulate this rapidly growing market. Efforts to limit the number of nights a unit is available on the short term rental market, and to collect Transient Occupancy Tax have been hampered by Airbnb's refusal to disclose information about their hosts and occupancy rates.

Oakland is experiencing a rapidly growing demand for housing and space to accommodate newcomers and visitors alike. At this year's Oakland Annual Tourism Breakfast, Visit Oakland President & CEO, Alison Best, noted that Oakland's hospitality industry surpassed national averages in lodging benchmarks, including a 79% overall hotel occupancy, compared to the nation's 62% occupancy rate.¹ Short term rental companies like Airbnb and its competitors VRBO, Flipkey, and HomeAway have created a business model that relies on incentivizing landlords and tenants to transform residential units into tourist accommodations. A leader among so-called sharing economy enterprises, Airbnb connects residents looking to enter the short term rental market to tourists around the globe via their website. The essence of the company is best summed up in the following passage from a comprehensive report produced earlier this year by Los Angeles Alliance for a New Economy (LAANE):

*"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."*²

Airbnb's sky-high valuations have placed the company among the ranks of hospitality industry giants, with a market value of

\$25.5 billion and rising³, outcompeting hotel industry giants like the Hyatt (\$8.4 billion) and Wyndham (\$9.3 billion)⁴. The company profits by charging hosts a three percent commission on each booking and charging travelers a fee of between six and twelve percent, adding up to a total yield of anywhere between nine and fifteen percent for every rental.⁵

Airbnb has made major inroads in Oakland in the past two to three years. This report analyzes its activity and impact on the scarce supply of affordable rental housing in the City. This report relies primarily on an in-depth website called Inside Airbnb, designed and maintained by an independent analyst named Murray Cox. The data-rich resource has become the go-to site for Airbnb facts and analysis. Cox includes details on Airbnb hosts, prices, listing locations, and listing types. These data sets provide valuable insight about the Airbnb landscape in the City of Oakland. This report focuses on Airbnb because of its predominance in the short term rental market. Of course, their competitors also contribute to the impact. Therefore all recommendations in the report refer to the short term rental industry as a whole.

An Airbnb snapshot on June 22, 2015 identified 1,155 Airbnb listings for rent in Oakland, with several significant attributes:

- 1. The majority of these listings (57%) are entire homes**, as opposed to "private rooms" and "shared room" listings that make up an almost negligible portion of the market. This proportion is similar to San Francisco, Los Angeles, and other major markets for which data are available, disproving the Airbnb claim that their "hosts" are mostly just people occasionally renting out a spare room to help pay their mortgage costs.⁶
- 2. On average, Oakland Airbnb units are available 237 nights out of the year.** Such high availability implies that these units probably do not have the owner present, could be violating local zoning ordinances prohibiting short term rentals in certain areas - and more importantly, are removing rental-housing stock in an extremely tight market.
- 3. The majority of Airbnb listings are located in neighborhoods in North Oakland**, which seem not coincidentally to be communities with high and rapidly increasing rents. The concentration of entire homes



Figure 1: Distribution of Airbnb Listings that are Entire Homes, Private Rooms or Shared Rooms by City

available for short term rental through Airbnb in neighborhoods with high median rents and high-income earners questions the validity of Airbnb’s claim to help people afford rent or mortgage. By removing rental housing supply in these already tight markets, Airbnb could very well be contributing to rising housing costs in impacted neighborhoods.

Based on the methodology in the following section, we conclude from the Inside Airbnb dataset and our own analysis that the Airbnb Oakland market has generated revenues of somewhere between \$4.9 million and \$35 million between the time they came on the scene in July 2009 and July 2015. This doesn’t count the revenues from other short term rental companies like VRBO. Further, given that renters were leaving reviews in June 2015 at least three times the rate as the previous year, it can be concluded that Airbnb is generating more revenue than ever before from its Oakland market (Figure 2).

The City of Oakland collects a 14% Transient Occupancy Tax (TOT) from every person (transient) occupying any hotel/motel less than thirty (30) consecutive days.⁷ Oakland’s voter-approved Measure C in 2009 allocated 3% of TOT income to cultural arts programs, leaving 11% for the general fund. Airbnb and other short term rental businesses providing the same service as ho-

tels have not been subject to this TOT. Based on the revenue estimates above, Oakland lost a potential for several million dollars in TOT up to July of 2015 by not assessing the tax on these short term rental businesses.

We understand from the City of Oakland’s 2015-2017 proposed budget and from Airbnb’s website that Oakland’s City Administrator executed a contract with Airbnb that took effect July 1, 2015. Despite a public records request as well as requests from multiple Councilmembers, we have not been able to review that contract. We know that Airbnb is now collecting 14% TOT from their “guests” on every transaction in Oakland. From the analysis in this report, we believe their current level of business should yield between \$688,000 and \$2.32 million in TOT annually. The Oakland budget shows only \$500,000/year in the 2-year budget cycle. Working with incomplete information, we are concerned the contract does not require full payment of the TOT or full disclosure of all rental transactions.

This report demonstrates the clear nexus between private short term rentals and the limited and shrinking supply of housing stock in Oakland. We cannot afford to continue to lose both housing stock and tax revenues that could help the City address the current housing crisis.

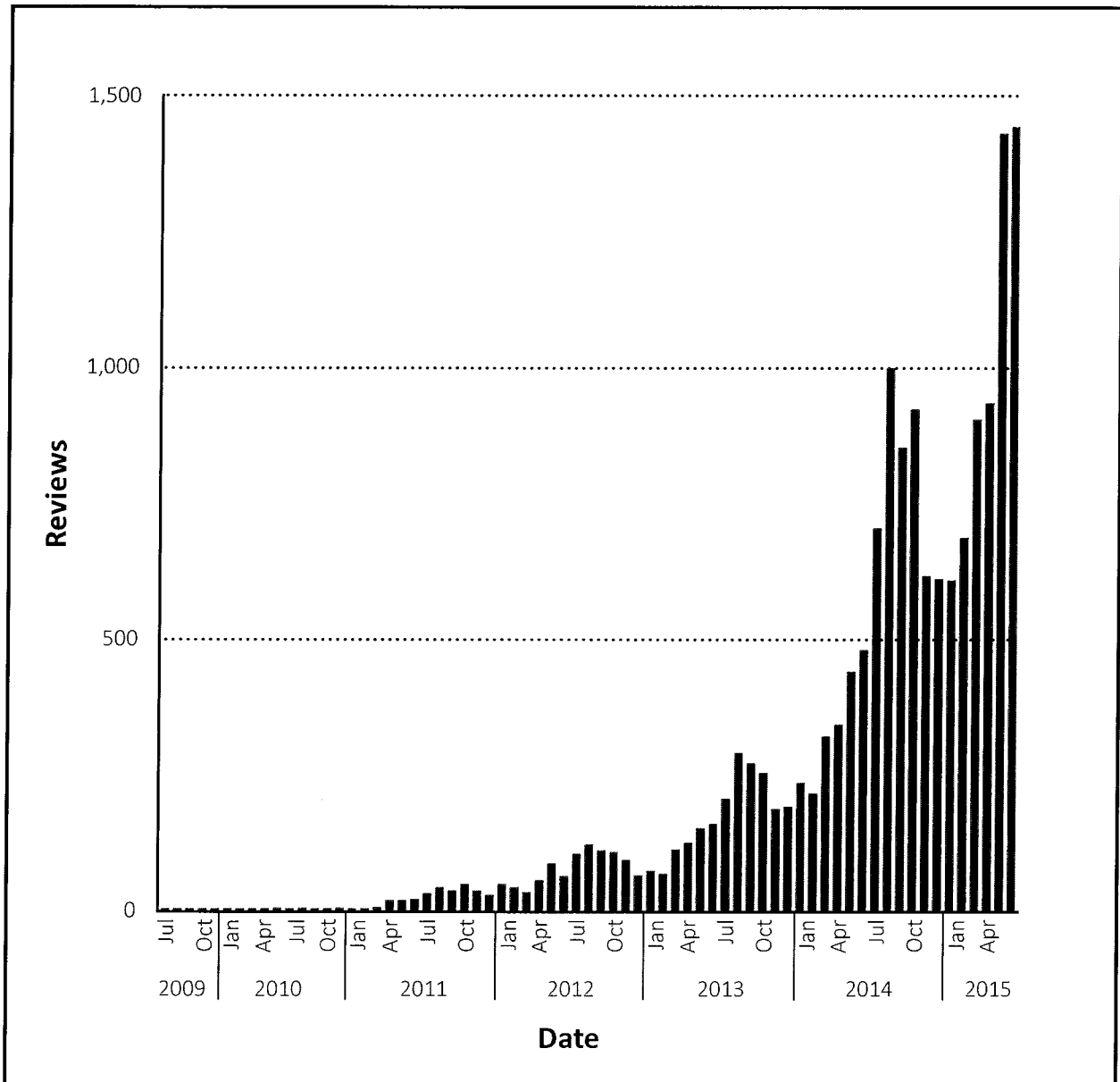


Figure 2: Monthly Airbnb Online Reviews from July 2009 through June 2015. (Note: Reviews do not equal total bookings, as not all renters leave reviews.)

Data and Terminology

Previous research indicates that while Airbnb's marketing strategy presents the company as a champion of home sharing by focusing on private and shared room listings, the reality is that the company's marketplace is dominated by entire home/apartment listings. Without regulations, this raises the stakes for the conversion of entire residential homes into private hotels. The difference between entire homes and the other two listing types that make up Airbnb's business model are as follows:

- 1. Entire home/apartment units (or "whole units"):**
An entire home rental, in which the host is not present during the guest's stay.
- 2. Private rooms:** An accommodation within the host's home with the expectation of some degree of privacy. Host lives in and is present in the dwelling during the guest's stay. The guest is essentially a short-term housemate.
- 3. Shared room:** Guest and host occupy the same living space, with little expectation of privacy.

Inside Airbnb compiles data from short term rentals in cities around the world to examine how Airbnb impacts local housing markets. "Web scraping" is a term used for various data extraction methods that use software to collect information from a website. Murray Cox, creator of Inside Airbnb, has performed web scrapes on Airbnb markets in over twenty cities around the world, including ten in the United States. Data from the Oakland web-scrape was compiled on June 22, 2015.

Cox uses "high availability" and "frequently rented" metrics to assess the impact of Airbnb on residential housing. These metrics are defined as follows:

- 1. Highly available listings are available for short term rental on Airbnb more than 60 days per year.** This is determined by a host's calendar, which shows what days or weeks their listing is available.
- 2. Frequently rented listings have estimated booking nights of more than 60 nights per year.** To determine a listing's estimated booking nights, Inside Airbnb converts online reviews to estimated rentals.⁹ The length of stay is the determined by multiplying

the amount of estimated rentals by the minimum required stay for a given listing.⁹ For example, if Joe's "Cute cottage in Rockridge" has 22 guest reviews, Inside Airbnb assumes Joe's listing has been booked 22 times. To account for rentals without a review, Inside Airbnb increases estimated bookings by 50%, or in this case, to 33 estimated bookings. If Joe requires a minimum 3-night stay per booking, it can be assumed that at this listing has been occupied 99 nights out of the year (33 estimated bookings x 3 -night minimum required stay). Assuming the reviews are legitimate, this methodology represents a realistic value for a listing's number of nights of occupancy.¹⁰

Methodology

This report uses data from listings that have been filtered to meet the availability and rental rated metrics to inform Airbnb's impact on Oakland and to generate revenue estimations from Airbnb's market. Table 1 illustrates the three factors (number of units, estimated booking nights, and average price) used to calculate revenue generated by Airbnb between July 2014 and July 2015.

Frequently Rented Listings

There are 577 Oakland listings that meet Inside Airbnb's classification as frequently rented (estimated booking nights > 60 nights per year) and recently reviewed (reviewed in the last 6 months¹¹). This selection is also reflected on Inside Airbnb's interactive online display of the Airbnb market within the City of Oakland. The first two columns in Table 1 divide the 1155 total Oakland listings between the 557 that are frequently rented and the 598 that are not. Different estimations are then applied to each category.

Booking Nights per Year

Frequently rented listings are multiplied by the minimum and average booking nights per year in the first two columns, respectively. Since 60 nights/per year is the minimum amount of estimated booking nights required to meet the frequently rented metric, that value was used for the minimum estimate. Meanwhile, the average available nights per year for frequently rented units (247) was converted into estimated booking nights in the second column to illustrate the greatest booking potential for frequently rented listings. For the remaining 598 listings, we

Revenue Generated by Airbnb's Oakland Market			
	Minimum Estimate Adjusted for Frequently Rented Listings	Adjusted for Average Available Nights per Year for Frequently Rented Listings	Maximum Estimate Adjusted for Average Available Nights per Year for All Listings
Number of Listings (1,155 total)	557	557	1,155
Estimated Booking Nights per Year	60	247	237
Average Listing Price	\$112	\$112	\$128
Estimated Revenue for Frequently Rented Listings	\$3,743,040	\$15,408,848	
Number of Listings Not Frequently Rented (1,155 total)			
Number of Listings Not Frequently Rented (1,155 total)	598	598	
Estimated Booking Nights per Year	20	20	
Average Listing Price	\$98	\$98	
Estimated Revenue for Listings Not Frequently Rented	\$1,172,080	\$1,172,080	
Total Estimated Revenue			
Total Estimated Revenue	\$4,915,120	\$16,580,928	\$35,038,080
Total Estimated Revenue Generated by 14% TOT			
Total Estimated Revenue Generated by 14% TOT	\$668,116	\$2,321,329	\$4,905,331
Total Estimated Revenue Generated by 11% TOT for Affordable Housing			
Total Estimated Revenue Generated by 11% TOT for Affordable Housing	\$540,663	\$1,823,902	\$3,854,188

Table 1: Revenue Estimates Adjusted for Frequently Rented Listing per Year and Average Available Nights per Year

applied an estimated booking nights rate of 20 in both columns to provide a conservative estimate of their potential earnings.

The final column shows the maximum estimate based on total number of listings and the average available nights per year for all units (237). The overall average availability is just slightly less than the value for frequently rented units. According to the data, the majority of Oakland Airbnb listings (86%) are marked as highly available, which resembles the rate of listings in Los Angeles (85%), New York (82%), and San Francisco (76%).¹² These figures indicate that the majority of Airbnb hosts are looking to maxi-

mize bookings by listings their units on Airbnb with a nearly year-round availability.

Oakland's Airbnb Landscape

The analysis from this report reveals a concentration of Airbnb units in the rapidly gentrifying neighborhoods of North Oakland and around Lake Merritt. Airbnb listings in East Oakland are not as prevalent and tend to be a combination of private rooms and entire homes scattered around highland neighborhoods like Upper Dimond, Upper Laurel, Millsmont, and Redwood Heights.

Airbnb's Top Revenue Generating Neighborhoods in Oakland			
Neighborhood	Entire Homes Listed on Airbnb	Total Units Listed on Airbnb	Revenue from Entire Home Listings
Bushrod	41	75	\$151,006
Lakeside Neighborhoods (Trestle Glen, Lakeshore and Cleveland Heights)	53	66	\$246,116
Rockridge	42	58	\$208,680
Temescal	38	51	\$152,614
Longfellow	18	42	\$65,741
Adam's Point	26	42	\$78,099
Shafter	26	35	\$259,976
Total Revenue			\$1,162,232

Table 2: Airbnb's Top Revenue Generating Neighborhoods in Oakland

Meanwhile, the North Oakland census tracts where most of Oakland's Airbnb activity is taking place are some of the City's most desirable neighborhoods.

In neighborhoods like Bushrod, Rockridge, and Adams Point, median household incomes are higher than those in other parts of the city, which is consistent with short term rental trends in other cities. Moreover, entire units in Airbnb's top 10 revenue generating Oakland neighborhoods yield over a third of the total revenue for the City (see Table 2), which shows how Airbnb's profits rely heavily on entire home listings. There are 250 entire residential units, mostly clustered in Oakland's upscale neighborhoods, which show signs of being converted into Airbnb hotels. These units are available for rent 268 days per year, and have been booked 157 estimated nights annually, on average.

Conversions imply that landlords and property owners, in search of greater profits, have opted to operate traditional apartments as short term rentals. In Oakland, where landlords are subject to rent adjustment ordinances, choosing to list a unit on the Airbnb market could mean potentially greater earnings without the hassle of regulations. In neighborhoods like Temescal, nightly short term rental rates are rising alongside the rising median rents, which rose by over 20% from the beginning to the end of 2014.¹³

With average nightly rates of \$123 for Airbnb entire home listings in Temescal, a landlord could earn up \$3,690 a month at full occupancy, which is 14% higher than the average monthly rent for the area in June 2015.¹⁴ Airbnb entire units in Oakland's highest yielding areas already make up the majority of the listings, and generate a significant portion of the revenue. If these hosts were the "primary residents" of the homes they're listing and are just looking to earn extra money while vacationing, as Airbnb repeatedly claims¹⁵, revenues and availability for these entire home listings should not be so high.

North Oakland Under Seige

Oakland's northern neighborhoods have been disproportionately impacted by private short term rentals. Three separate snapshots of Airbnb listings in Oakland at the neighborhood level reveal that North Oakland has the greatest number of listings for a given month, weekend, and day.¹⁶ According to the data, the presence of entire units is overwhelmingly concentrated in this part of town.

Oakland's Bushrod neighborhood makes up two small census tracts in North Oakland, but has a cluster of 75 units listed on Airbnb with over half being entire homes. Geographically, the

area is bound by Woolsey Street on the North, Telegraph Avenue to the East, and MLK Jr. Way to the West. Airbnb data for Oakland show \$131 as the average nightly rate for an entire home/apartment in the Bushrod precinct.

It has been observed that in cities including New York and Los Angeles, short term rentals are most prominent in neighborhoods where the average median household income is 20% higher than that of the entire city.¹⁸ In the case of New York City, rapidly gentrifying neighborhoods like ones in the Lower East Side of Manhattan and Williamsburg and Greenpoint in Brooklyn, had the greatest share of private short term rentals in the city.¹⁹ This case closely resembles the Airbnb landscape in Oakland. According to UC Berkeley's Urban Displacement Project, Airbnb's top five revenue generating neighborhoods in Oakland are also in the advanced stages of gentrification,²⁰ with exception of the Piedmont Avenue tract, which has historically been a moderate to high income area. Short term rental conversions further tighten the supply of housing in these areas, resulting in even greater rent spikes and barring low-income renters from moving into the

neighborhoods. Figure 3 shows rent increases in Bushrod over the last four years including a 71% increase in just the last 18 months. Airbnb listings in the area began increasing at a steady rate around April of 2014.

While we do not know the exact relationship between Airbnb density and median rents, it is telling that high Airbnb density overlaps with lower rental vacancy. Rental vacancy rates for the Bushrod, Adams Point, and Temescal census tracts are among the lowest in the city.²¹ Just as interesting is the amount of revenue being generated in these North Oakland neighborhoods. Analysis on just entire home listings in Airbnb's highest revenue generating neighborhoods shows that roughly \$1.2 million, a third of the total revenue from July 2014 to July 2015, came from 244 entire home accommodations (see Table 2). In order to maintain inclusivity and avoid displacement in neighborhoods with declining vacancy rates, and consequently rising rents, the City of Oakland must ensure that short term rentals do not remove rental units from these markets.

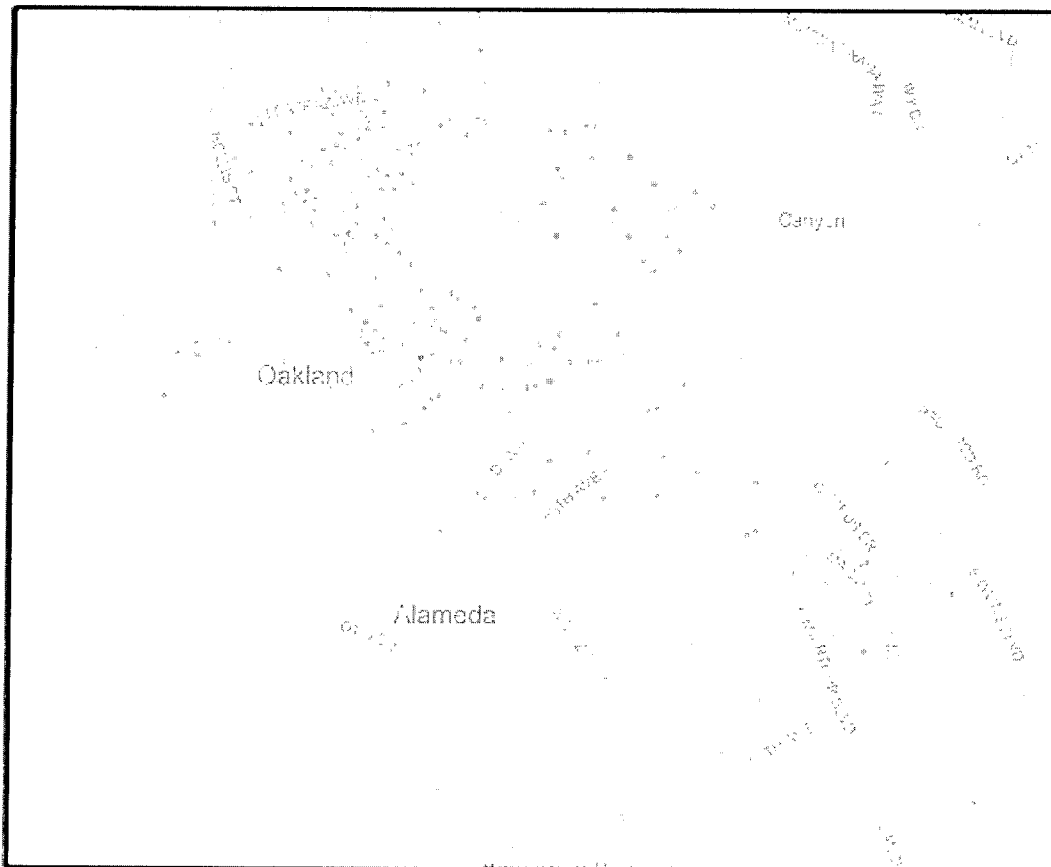


Figure 3: Snapshot of the Concentration of Airbnb Listings in North Oakland meeting Inside Airbnb's "high availability" and "frequently rented" metrics. (Source: Webscrape of Airbnb website prepared by Murray Cox, June 2015)

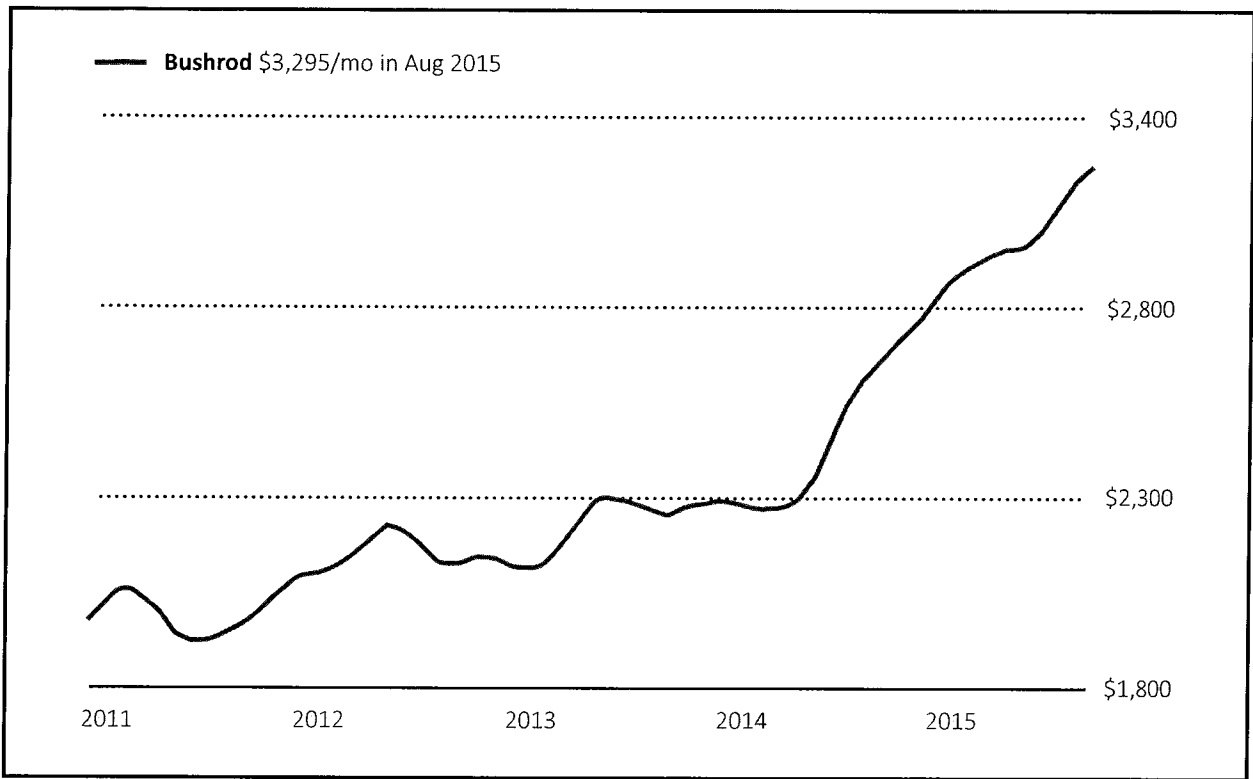


Figure 4: Rent Price Increases for 1Bd/1Ba Units in the Bushrod neighborhood since 2011. (Source: Zillow)

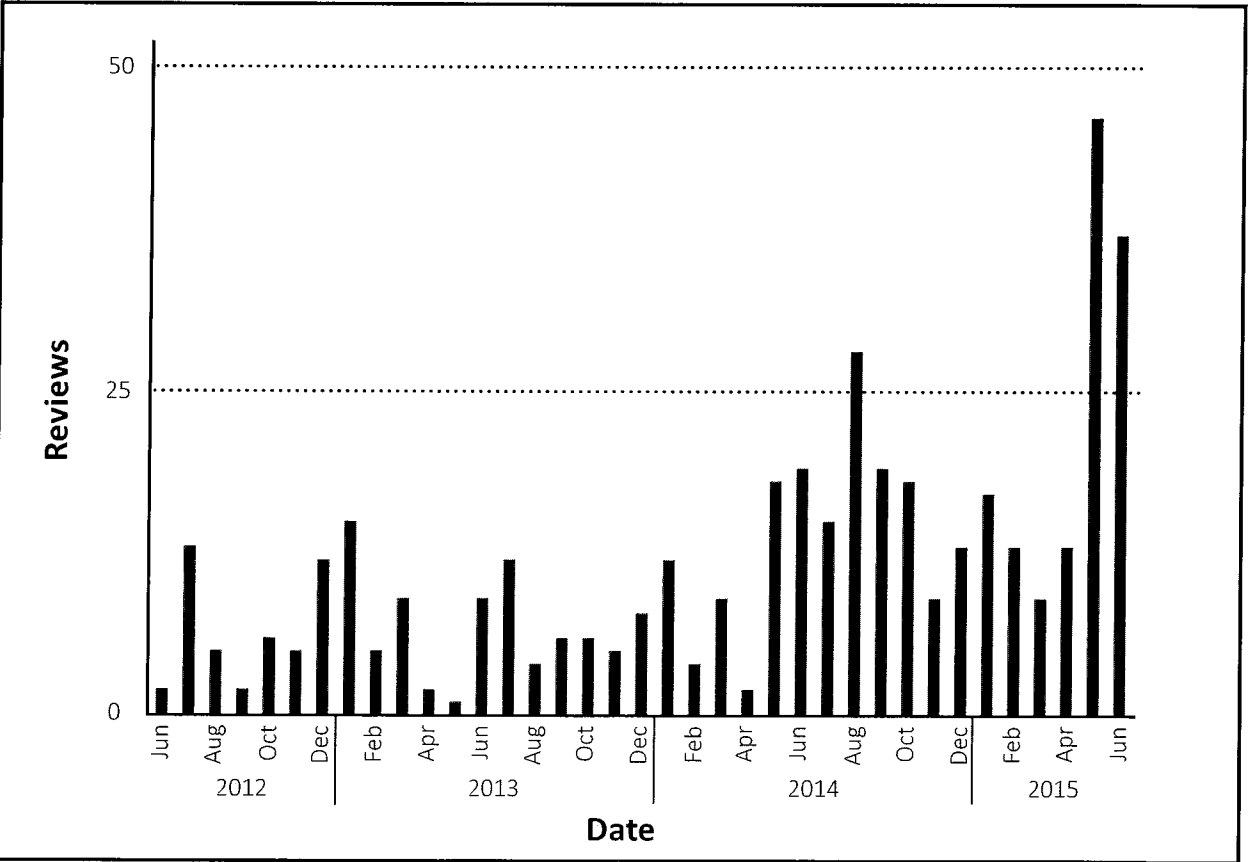


Figure 5: Airbnb Reviews for Entire Home Listings in Bushrod, from June 2012 to June 2015. (Source: Webscrape of Airbnb website prepared by Murray Cox, June 2015)

Oakland's Affordability Crisis

Oakland rents have risen dramatically in the last few years, making it the 5th most expensive rental market in the country. The average price for a 1 Bedroom apartment rental has risen to \$2160.²² Oakland's Housing Element states that the City will need to build at least 14,765 new housing units between January 2014 and June 2023 in order to meet its fair share of housing needed in the region based on the Association of Bay Area Governments' calculations of Regional Housing Needs Allocation (RHNA). Forty six percent of the nearly 1,554 units the city would need to build annually to meet its housing production goals in the next nine years should be affordable to very low-, low-, and moderate-income households. However, despite the regional urgency to address the housing crisis, state and federal funding for affordable housing has plummeted over the last several decades. With the dissolution of state Redevelopment funds, the exhaustion of the State's Prop 1C funds, and major cuts to federal funding for affordable housing, there are fewer resources available to meet the growing need. If the City is serious about reaching its housing production requirements, then Oakland needs to get resourceful about generating the critical funds for affordable housing.

The improbability of the City being able to meet its RHNA goals is even greater if housing units are being taken off the market to serve tourists.²³ This is one reason why Airbnb's presence in cities with housing shortages has become so problematic. Airbnb creates "a platform that allows landlords to pit tourist dollars against renter dollars."²⁴ Cities are left to find ways to regulate the short term rental market to protect the shrinking supply of housing and raise revenues to invest in the development of new affordable housing.

Current Laws for Hotels and Homeowners

In Oakland, as in other cities, TOT requires that every person (transient) occupying any hotel/motel for any duration of time up to 30 consecutive days pay the tax to the operator at the time the rent for occupancy is paid. The rate is 14% of the rent charged. Hotel/motel operators are responsible for collecting and remitting TOT to the City's Tax Administrator's office and reporting rates and occupancy levels.

The City of Oakland's Planning Code restricts short term rentals and other transient habitation commercial activities to seven days.²⁵ Lodgings greater than seven days are subject to a different set of regulations. However, the City of Oakland does not actively

monitor transient habitation commercial activities to ensure that rent-controlled properties are not transformed into permanent short term rentals. While the City does have zoning regulations that restrict hotel/motels from operating in certain residential areas, it is not clear if the City has been monitoring violations of this provision.

Before legitimately entering the short-term rental market, a rental property owner would have to go through several steps in order to obtain a business license from the City of Oakland. They would need to pay a \$61 registration fee with a business license application. The host would then be responsible for paying an annual tax (\$1.80 per \$1,000 for Hotel/Motel businesses) to the City based on the gross earnings in addition to the TOT mentioned above.

According to the City's Finance Department's website, a potential host would first need to obtain a zoning clearance from the Zoning Division, in order to verify that operating a short term rental is legal for a specified area. Scott Miller, Zoning Manager, noted that the City of Oakland's Planning Code prohibits short term rentals and other transient habitation commercial activities of fewer than seven days in most residential zones.²⁶ Lodgings greater than seven days are subject to different regulations. However, the City does not actively monitor transient habitation commercial activities to ensure that properties are not transformed into permanent short term rentals.

How Other Cities are Addressing the Impacts of Short Term Rentals

Cities are tackling the explosion of the short term rental industry in a couple of ways. Some, like San Francisco, are trying to regulate the market with restrictions on how many nights a unit can be rented, requiring a host to be present, and other restrictions. Los Angeles, San Jose, Santa Monica, and several others are securing revenues generated by Transient Occupancy Tax. A couple of those cities – Los Angeles and Portland – are citing the nexus between the short term rental businesses and the housing affordability crisis in efforts to designate TOT revenues collected to their affordable housing funds.

Airbnb is using its financial and political muscle to fight all efforts at regulation. We just watched its \$8 million success in San Francisco where lobbyists defeated Proposition F's 75 nights per year rental limits and requirements for regular revenue reporting. Airbnb has been particularly adamant about not disclosing

the information required of all hotels about actual occupancy rates, addresses, hosts and revenues. The company insists that it is not subject to TOT and should not be treated as are all other businesses providing transient accommodation. In some cases, they execute contracts with cities that call for payments based on their estimates of TOT, rather than paying the actual TOT. The LAANE report describes how Airbnb uses these contracts as a way to legitimate their business model and their argument that they are not subject to the laws and payments required of hotels. As the LAANE report notes,

“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.”²⁷

The Airbnb website lists approximately 20 cities, counties, and states around the world where it is collecting some form of TOT from its guests. Missing from this list is the key information about how much of that TOT is actually being remitted to the municipality. As we have shown above, we believe 14% of Airbnb annual revenues in Oakland is somewhere between \$1 million and \$2 million. If in fact the undisclosed Oakland contract is like the ones described in the LAANE report, with Airbnb paying a TOT-alternative payment rather than the actual TOT per short term rental, then Oakland is losing \$500,000 to \$1.5 million per year.

The lack of a requirement for short term rental companies to disclose their occupancy information makes it nearly impossible to enforce regulations. Cities that are experimenting with restrictions on numbers of nights a unit can be rented or proof that hosts are present are finding that the costs of attempted enforcement are higher than whatever they are collecting in payments under their contracts.

Airbnb has a huge stake in maintaining the anonymity of its hosts and listing locations. By not sharing information with municipalities, Airbnb is able to bypass any real enforcement to verify the amount of taxes it is remitting, compliance with local health and safety standards, and whether or not hosts are adhering to limits on nightly rentals already in place. Even before the ballot initiative, San Francisco lawmakers were calling the existing law²⁸ “unenforceable,” claiming that it has no teeth because the city’s Planning Commission simply did not have a method to determine if hosts were present or not present.²⁹

Los Angeles, California

The City of Los Angeles has one of the largest Airbnb markets in the world, with over an estimated 11,400 Airbnb listings in 2014. Los Angeles is also experiencing a tremendous housing crisis and cannot afford to lose units. The City’s most recent analysis indicates the need for 5,300 new units/year in order to keep up with demand. In his 2015 State of the City address, Mayor Eric Garcetti committed to negotiating a TOT contract with Airbnb and injecting \$5 million from those revenues into the City’s Affordable Housing Trust Fund.³⁰ The Los Angeles City Council approved the \$5 million allocation for the Affordable Housing Trust Fund, for the 2015-16 Fiscal Year.³¹ However, the Council stalled this summer on finalizing the contract with Airbnb as they explore regulatory options, so the disbursement of the housing funds is pending the final contract.

Portland, Oregon

Portland was one of the first cities to negotiate an agreement with Airbnb, creating a special “Accessory Short Term Rental” category in its planning code just to accommodate Airbnb rentals. However, Airbnb and its hosts have not complied with the regulations the company itself promoted, and as has become the norm, the company’s refusal to disclose basic information about host addresses and occupancy has stymied Portland’s efforts to enforce its regulations.³² In 2014, City Council approved a TOT agreement with Airbnb and had preliminary discussions about allocating funds to affordable housing.³³ Two City Commissioners plan to present the measure this winter to allocate their full 6% TOT collected to affordable housing.³⁴ In light of a recent mayoral declaration of a state of emergency for housing and homelessness, City Commissioners are confident the measure will pass.

California State Legislation

A pending bill would provide significant assistance to local governments in California in their efforts to regulate short term rental businesses. SB593 (McGuire) would require all “electronic hosting platforms” such as Airbnb to regularly report the addresses of, nights of use at, and revenues obtained by residences that were leased through the platform. The bill would prohibit these short term rental businesses from offering properties in locations prohibited by local ordinance, and would authorize municipalities to establish fines for violation of this provision. And it would require the business to collect and remit any applicable TOT requested by the municipality. The bill was introduced earlier this year and is currently a 2-year bill. We encourage Oakland to support this bill as it proceeds through the Legislature in 2016.

Recommendations

Airbnb's role in depleting the available housing stock in some of Oakland's most desirable neighborhoods makes it harder for long-term residents and newcomers to find adequate housing near public transportation, job centers, and other valuable neighborhood amenities. By applying funds generated by Transient Occupancy Tax on Airbnb's Oakland bookings to affordable housing, the City of Oakland would help mitigate the adverse effects of the company's presence in City while also generating the necessary funds to meet development goals set out in the Housing Element.

- 1. The City should collect the full 14% TOT from short-term rental businesses in Oakland with a requirement for full disclosure of all rental transactions.** First, City Council should demand disclosure of the terms of the current contract. Upon renewal, the contract should ensure that actual TOT at the full 14% rate, not merely a TOT-alternative payment, is remitted to the City. Airbnb and its competitors must be required to disclose information on rates, occupancy, addresses, like any other hotel business subject to TOT.
- 2. The City should allocate 11% of TOT collected to the City's Housing Trust Fund.** The housing crisis has been well documented. This report demonstrates the clear nexus between the growth in short term rentals and the removal of at least several hundred units from the City's rental housing stock. If the City is going to come anywhere close to producing its RHNA goals, we cannot afford to pass up any opportunity for resources to put toward meeting those production goals.
- 3. The City should enforce existing regulations on short-term rentals such as licensing and business registration, as well as compliance with local zoning laws.** As a start, the City should not be intimidated by Airbnb into failing to enforce its own regulations. Hosts should be required to obtain the licenses and pay the business taxes required of all businesses in Oakland. The City should demand the information from Airbnb necessary to enforce existing laws.
- 4. City Council should support SB593 requiring short term rental companies to make regular reports to cities and counties about short term rentals, for how many nights and how much money hosts are collecting.** The enactment of this law is critical to local government's ability to create and enforce their own regulations and accurate TOT collection.
- 5. The City should study and consider further regulations, such as limiting the number of nights/year an entire unit may be rented.** City staff should conduct research into existing and planned local regulatory efforts in other California cities to devise regulations that would make in Oakland. This is much more likely to be feasible after passage of the SB593.

Endnotes

¹ "Oakland Tourism Has Record Breaking Year." *Visit Oakland*. N.p., 6 May 2015. Web. 30 Oct. 2015.

² Samaan, Roy. *Airbnb, Rising Rent, and the Housing Crisis in Los Angeles*. LAANE, A New Economy for All, 2015. Web. 30 Oct. 2015.

³ Demos, Telis. "Airbnb Raises \$1.5 Billion in One of Largest Private Placements." *Wall Street Journal*, 27 June 2015. *Wall Street Journal*. Web. 2 Nov. 2015.

⁴ Samaan, *Airbnb in Los Angeles*.

⁵ According to the company, AirBnB's guest service fee commission depends on the subtotal of the reservation: "It's a steady decline from 12 to 6 percent as the reservation amount increases, so guests can save money when booking large reservations." The company is not clear on whether this refers to the dollar value, length of stay, or some other factor.

⁶ San Francisco data from Slee, Tom. "The Shape of AirBnB's Business." *Whimsley*. N.p., 26 May 2014. Web. 2 Nov. 2015. Los Angeles data from Samaan, Roy. *Airbnb, Rising Rent, and the Housing Crisis in Los Angeles*. LAANE, A New Economy for All, 2015. Web. 30 Oct. 2015. Oakland data from Inside AirBnB Oakland data set.

⁷ City of Oakland Transient Occupancy Tax Requirements." *City of Oakland Finance and Management Agency/ Revenue Division*. N.p., n.d. Web. 2 Nov. 2015.

⁸ According to the Inside Airbnb website, "Inside Airbnb's "San Francisco Model" uses a modified methodology as follows:

1. A Review Rate of 50% is used to convert reviews to estimated bookings.
 - Alex Marqusee uses a review rate of 72%, however this is attributed to an unreliable source: Airbnb's CEO and co-founder Brian Chesky.
 - The Budget and Legislative Analyst's Office (page 49) also use a value 72% for their review rate, and in addition, introduce a higher impact model using a review rate of 30.5%- based on comparing public data of reviews to the The New York Attorney General's report on Airbnb released in October 2014.
 - Inside Airbnb analysis found that using a review rate 30.5% is more fact based, however probably not conservative enough, given that the Budget and Legislative Analyst's Office did not take into account missing reviews because of deleted listings. A review rate of 72% is unverifiable - therefore 50% was chosen as it sits almost

exactly between 72% and 30.5%.

2. An average length of stay is configured for each city, and this, multiplied by the estimated bookings for each listing over a period gives the occupancy rate
 - Where statements have been made about the average length of stay of Airbnb guests for a city, this was used.
 - For example, Airbnb reported 5.5 nights as the average length of stay for guests using Airbnb in San Francisco.
 - Where no public statements were made about average stays, a value of 3 nights per booking was used.
 - If a listing has a higher minimum nights value than the average length of stay, the minimum nights value was used instead.
 - The occupancy rate was capped at 70%- a relatively high, but reasonable number for a highly occupied "hotel".
 - This controls for situations where an Airbnb host might change their minimum nights during the high season, without the review data having a chance to catch up; or for a listing with a very high review rate.
 - It also ensures that the occupancy model remains conservative.
3. Number of nights booked or available per year for the high availability and frequently rented metrics and filters were generally aligned with a city's short term rental laws designed to protect residential housing."

⁹ Ibid

¹⁰ The InsideAirBnB Oakland web scrape includes every review ever given for listings within the City of Oakland since July 2009. One of the drawbacks is that the data does not separate estimated bookings by year- meaning they account for every review ever made in the history of a listing when determining EBN. This obscurity makes it difficult for this report to provide an annual range for revenue estimations based on EBN. Luckily, Inside AirBnB provides a list of individual transactions by listings, which help indicate that the bulk of AirBnB activity in Oakland taking place between 2014 and mid-2015. For instance, there are a total of 16,300 traceable transactions as of June 22, 2015. Nearly two thirds (10,852) of these transactions took place between July 2014 to July of 2015, which shows Oakland's rapidly growing short term rental market. In addition, eighty percent (917) of the 1,155 identified listings, were last reviewed between July 2014 and July 2015. Combined these two factors suggest that Oakland AirBnB listings are being booked more frequently and recently than they have, by and large, been in previous years.

¹¹ As a reminder, Inside AirBnB's estimated booking nights also includes reviews from before the mid-2014 to mid-2015 time range. However, because 557 is much lower value than the actu-

al 917 listings that were reviewed between 7/2014-7/2015 and 66% of all reviews occurred within this time range, any over-reporting for estimated booking nights is cancelled out by evidence of overwhelming AirBnB activity in the last year.

¹² Data for San Francisco's highly available AirBnB listings may reflect recent policies on nightly caps for short term rentals, which could explain lower rates of availability.

¹³ Accessed on <http://www.zillow.com/temescal-oakland-ca/home-values/>

¹⁴ Ibid

¹⁵ Accessed on <http://publicpolicy.airbnb.com/new-york-airbnb-community/>

¹⁶ Refer to Appendix for cross-neighborhood analysis chart

¹⁸ For Los Angeles, information accessed from LAANE study, for NYC, information accessed from State Attorney's study

¹⁹ "Airbnb in the City." Office of New York State Attorney General. October 2014. Accessed on <http://www.ag.ny.gov/pdfs/Airbnb%20report.pdf>

²⁰ Accessed on <http://www.urbandisplacement.org/map>

²¹ 2015-2023 Oakland Housing Element. <http://www2.oakland-net.com/oakca1/groups/ceda/documents/report/oak050615.pdf>

²² Zillow Oakland Rentals Price Index <http://www.zillow.com/oakland-ca/home-values/>

²³ "Affordable Housing Cost Study: Analysis of the Factors that Influence the Cost of Building Multi-Family Affordable Housing in California." *Department of Housing and Community Development*. October, 2014. Accessed at <http://www.hcd.ca.gov/housing-policy-development/docs/finalaffordablehousingcost-studyreport-with-coverv2.pdf>

²⁴ Samaan, *Airbnb in Los Angeles*. 16

²⁵ Oakland Planning Code. (Ord. No. 13172, § 3(Exh. A), 7-2-2013; Ord. No. 13064, § 2(Exh. A), 3-15-2011; Ord. No.12939, § 4(Exh. A), 6-16-2009)

²⁶ Conversation with Scott Miller, Zoning Manager for the City of Oakland, on November 17, 2015

²⁷ Furthermore, the LAANE report explains, "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"

²⁸ Under the current law, residents in San Francisco are allowed to rent out their properties an unlimited amount of days if the host is present, while there is a 90-day cap on un-hosted rentals.

²⁹ Steinmetz, Katy. "San Francisco Lawmakers Propose Tougher Restrictions on Airbnb Rentals." *TIME*. Web. 6 Nov. 2015. Accessed at <http://time.com/3757094/san-francisco-airbnb-law/>

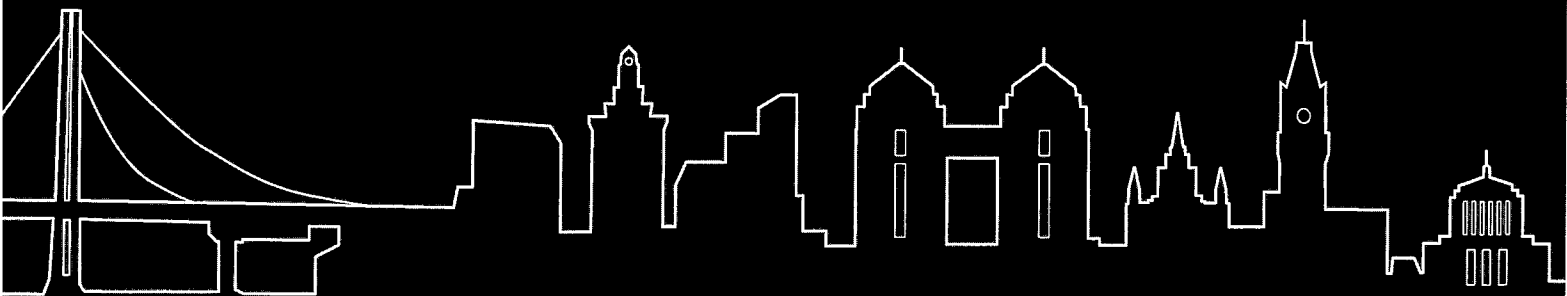
³⁰ Huang, Josie. "Los Angeles City Council panel calls for comprehensive plan to regulate short-term rental sites like Airbnb." *Southern California Public Radio*. 4 Aug. 2015. Web. Accessed on <http://www.scpr.org/news/2015/08/04/53542/la-panel-puts-off-plan-to-tax-airbnb/>

³¹ Conversation with Ashley Atkinson, Planning and Housing Specialist for the Office of Mayor Eric Garcetti, on June 19, 2015

³² Njus, Elliot "Airbnb, Acting as Portland's Lodging Tax Collector, Won't Hand over User Names or Addresses." *Oregonlive*. The Portland Oregonian, 21 July 2014. Web.

³³ Conversation with Office of Commissioner Dan Saltzman on April 3, 2015.

³⁴ Conversation with Office of Commissioner Dan Saltzman on October 6, 2015.



Community Economics | East Bay Housing Organizations

The Effect of Short Term Rentals on The Supply of Housing in Santa Barbara City and County

**What is the effect of the short-term rental (STR) market
on the supply of long-term housing?**

A report prepared by the

California Economic Forecast

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May 12, 2016

FINAL REPORT

Executive Summary

The purpose of this report is to present data-supported analysis and conclusions regarding the impact of Short-Term Rentals (STRs) on the supply of long-term housing in Santa Barbara City and County.

Short-Term Rentals (STRs) have grown to represent an important economic engine for the local economy. A recent STR Economic Impact Report for the Santa Barbara area concluded that the operation of STRs creates approximately \$471 million in overall economic activity per year, and approximately 5,000 jobs. STRs also provide significant annual Transient Occupancy Tax revenues to Santa Barbara City and Santa Barbara County.

However, community members and decision makers are concerned about the impact of STRs on the supply of long-term housing.

Is there a valid concern that the long-term rental housing supply in the City and County of Santa Barbara is negatively impacted by the operation of STRs? Yes. However the degree to which the supply is impacted is negligible, far less than presumed.

As a principal part of the study methodology, survey requests were sent to STR property owners in Santa Barbara City and County. The survey was conducted during the month of March 2016.

Key Results of the Survey

- If STRs were prohibited in the City and/or County of Santa Barbara, 71% of STR owners would continue to rent their properties as short-term rentals. 49% would be rented legally (30+ night stays), and 22% illegally (less than 30-night stays).
- Less than 15 percent of STR property owners rent their properties full time throughout the year. The remaining owners only rent their properties part time. Most owners rent their homes out as vacation rentals for less than half of the calendar year.
- 51 percent of all STR properties in Santa Barbara County are located in the City of Santa Barbara.
- In 86 percent of all cases, the entire dwelling is rented out short term.
- Less than 13 percent of STR owners use the vacation rental business as their livelihood.

Using the survey responses as representative of all STRs in Santa Barbara County, extrapolations to the entire population of STRs show that the prohibition of STRs would create an estimated 67 additional long-term rental units in the City of Santa Barbara, and an estimated 77 additional long-term rental units in rest of the County of Santa Barbara. 144 total additional units out of 147,368 long-term housing units in the entire County of Santa Barbara represents 0.10% of total housing stock being added to the supply of rentals.

An increase of 1/10th of 1% in the long-term rental supply is created by prohibition of STRs, and does not represent a significant number of housing units that would be converted from STR use to a longer term supply of housing for purchase or rent.

This study also shows that if STR prohibition is enacted, 22% of STR operators may operate in a “grey market” in which rentals of less than 30-nights will continue in spite of the prohibition. This grey market will add additional regulatory costs, and will not produce transient occupancy revenues to Santa Barbara City and County.

In conclusion, the empirical evidence does not justify the perception that the operation of STRs in Santa Barbara County or City materially impacts the supply of housing for residents. Only a negligible increase in the long-term housing supply would be created by the prohibition of STRs, and approximately half of that negligible increase would not be considered “affordable” housing.

Consequently, this study does not support the perception that STRs have a significant negative impact on the supply of long-term housing.

What is the effect of the short-term rental (STR) market on the supply of long-term housing?

In Santa Barbara City and County, and in other coastal areas of California, home prices are between 2 and 6 times higher than the median home price for all homes nationwide. Average rents for apartments are twice as high as the national average. Housing is simply more expensive in the Bay Area, Santa Barbara, and along Coastal California in general than in most other areas of the country. Why? Because demand for homes in California remains strong and the growth of housing supply is dwarfed by the growth of housing demand.

Housing supply growth is constrained by many factors, but the most prominent are growth controls and the regulation of new housing supply. Growth controls come in many forms, including zoning policies, urban growth boundaries, affordable housing policies, development fees, new unit limitations per year, and other land use policies.¹



Airbnb and other short-term rentals worsen housing shortage, critics say



Los Angeles Times

By Tim Logan, Emily Alpert Reyes and Ben Poston - Contract Reporters

MARCH 11, 2015, 9:19 AM

The last time he advertised one of his apartments, longtime Los Feliz landlord Andre LaFlamme got a request he'd never seen before.

A man wanted to rent LaFlamme's 245-square-foot bachelor unit with hardwood floors for \$875 a month, then list it himself on Airbnb.

While there are many reasons for a constrained housing supply, a recent allegation has been aimed at short-term rentals as having a meaningful effect on restricting the supply of rental units.

¹ See for example, the March 2016 edition of the California Economic Forecast's monthly newsletter on Urban Growth Controls: <http://californiaforecast.com/march-2016/>

If the owner of a condo, home, studio, or multi-family apartment structure (who does not use the property during a portion of the year) decides to dedicate an entire unit exclusively to STR use, there is the potential to remove housing from the stock available to local residents.

In the majority of cases, removing the housing unit from the housing stock would likely mean removing the unit from the rental housing stock, though it's also possible that a unit dedicated to STR use might otherwise be available for sale, too.

It is not accurate to say that all units that are dedicated to STR use are being removed from the rental stock because some of them have never been part of it, and/or the property owner is unwilling to have a non-relative tenant. Consequently, they would leave the unit vacant or exclusively available for relatives, friends or other uses if they were unable to rent it out short-term.

A full listing of STRs from short-term rental websites such as AirBnB.com, HomeAway.com, VRBO.com , and Flipkey.com would include the following types of listings:

Housing types that impact the supply of long-term housing:

- Units that are being short-term rented full time without a resident in the home, and there is no personal use of the property by the owner

Housing types that do not impact the supply of long-term housing:

- Second homes that are used a portion of the year by the owner
- Extra bedrooms that someone is renting out some of the time
- Full units that someone is renting out when they happen to be out of town
- Other listings by property owners who took the time to make a listing, but don't actually follow through with renting because they don't need the money at this moment.

For the purposes of determining the impact that STRs have on the supply of housing available to tenants or new purchasers, we need to know:

- (1) The total number of housing units in Santa Barbara City and County
- (2) The total number of STRs in Santa Barbara City and County
- (3) Whether the STRs are “whole house” or “whole units”, and if they are made available throughout the year.
- (4) What alternatives would current owners of STR properties choose if their current use of the property as a short-term rental was prohibited.

The current total supply of housing is presented here:

Housing Supply today / Santa Barbara County

	Total Single Family	Total Apartments	Total Supply*
	----- units -----		
Santa Barbara City:	21,457	16,609	38,066
Other Incorporated Cities in SB County**:	41,472	20,726	62,198
Unincorporated Areas of SB County:	38,505	8,599	47,104
Total Santa Barbara County	101,434	45,934	147,368

* Does not include mobile homes

**Cities include: Santa Maria, Lompoc, Goleta, Carpinteria, Solvang, Guadalupe, Buellton

Source: Department of Finance, report E-5, May 2015

The table is the most recent inventory of housing stock in Santa Barbara County, and is updated annually every May by the Department of Finance. Currently, there are 38,066 housing units in the City of Santa Barbara, 62,198 housing units in

Other Incorporated Cities in SB County, and 47,104 housing units in the Unincorporated Areas of SB County. This results in a total of 147,368 housing units in Santa Barbara County.

Estimated STR Inventory / Santa Barbara City and County

The total supply of STRs was determined in a recent report prepared by TXP, Inc.² “Approximately 2,550 unique STR properties were listed in 2014 throughout Santa Barbara County across a variety of major online vacation rental platforms.”³

TXP determined that the total output impact of STRs in Santa Barbara County is \$472 million per year and that the City of Santa Barbara’s contribution to that impact is 46.8 percent of the county total. Applying the ratio of the City to County output impact to the number of STR properties in the County, it is estimated that at most, there are 1,193 properties located within the Santa Barbara City limits.⁴

STR Inventory / Santa Barbara County

	<u>number of properties</u>
Santa Barbara City:	1,193*
Rest of Santa Barbara County:	1,357
TOTAL:	2,550

* represents 46.8 of total STR supply in the County of Santa Barbara

² TXP, Inc., “The Local Economic Impact of Short Term Rentals in Santa Barbara, CA,” Fall 2015

³ *ibid.*, page 4

⁴ We say “at most” because STR properties in the City of Santa Barbara would, like housing prices, typically have a higher average rental price than the collective average of the properties outside of the City (including Carpinteria, Montecito, Goleta, Lompoc Santa Ynez and Santa Maria). A higher price would lead to a larger impact per property. A larger impact per property means that to contribute 46.8 percent of the total output in the county, the number of STR properties in the City would be less than 46.8 percent of the total STR properties in the County

Survey of STR properties / County of Santa Barbara

A recent survey of STR property owners was conducted to obtain information that is pertinent in the determination of the STR impact on housing supply.

Two principal vacation rental websites (AirBnB.com and HomeAway.com) were contacted for the purpose of disseminating a survey to all STR property owners in Santa Barbara County. Surveys were also sent to owners of properties managed by professional STR management companies.

1,660 survey requests were sent to the following recipients:

Surveys sent to owners by email from HomeAway corporate office*:	575
Surveys sent to owners through the HomeAway inquiry system:	476
Surveys sent to owners through the AirBnB inquiry system:	336
Surveys sent to owners by local STR management companies:	273
TOTAL:	1,660

**Approximately 425 STR property owners were not sent the survey from HomeAway.com corporate office because those property owners had "opted out" of receiving ancillary email correspondence from HomeAway.com.*

The survey was conducted during the month of March 2016. A total of 319 responses were received. This represents a 19 percent response rate.

Responses to six principal questions were requested for the analysis. An additional 4 responses were requested from STR owners if they selected the 4th or 5th answer in question 6).

The Survey Questions and the responses are presented below.

1) Where is your property located?

Answer	percent	number
Santa Barbara	51.10%	163
Montecito	14.42%	46
Goleta	1.25%	4
Carpinteria	10.66%	34
Santa Ynez Valley	14.73%	47
Lompoc Valley	0.63%	2
Santa Maria Valley	0.94%	3

Other (please specify)	6.27%	20
Total	100%	319

The proportion of 51 percent of respondents having their properties located in Santa Barbara is statistically comparable to the 47 percent of total properties in Santa Barbara County estimated (above) to be located in Santa Barbara.

Most STRs are located along the South Coast of Santa Barbara County (83%) with only a small representation of properties in the North County.⁵

2) What type of property is your short-term rental?

Answer	percent	number
Single Family Home	76.18%	243
Condo or Townhouse	9.09%	29
Apartment	2.51%	8
Other (please specify)	12.23%	39
Total	100%	319

The dominant response is that the typical STR is a detached single-family home. Apartments really do not comprise a meaningful portion of the short-term rental stock. The “other” category of 39 properties was mostly guest homes or cottages, separate mother-in-law or grannie units, or artist or studios, or single-family ranch homes on a ranch.

3) What do you offer for rent?

Answer	percent	number
Entire dwelling	86.52%	276
Individual room(s) in the dwelling	13.48%	43
Total	100%	319

Clearly, most STRs comprise the entire property. Consequently, it would appear that the potential to augment the housing stock would be quite high if all of these homes were precluded from STR activity.

⁵ The “other “ category included 5 homes in Summerland, 4 homes in “Noleta” (commonly interpreted as the unincorporated area between Goleta and Santa Barbara), 1 in Montecito, and 6 in the unspecified unincorporated South Coast region of the county. There were only 4 in the North County including the Santa Ynez Valley. Consequently, 16 of the 20 “other “ responses can be allocated into the South Coast.

4) Please provide the best answer as to why you use your property as a short-term rental

Answer	percent	number
I need to rent the property (or rooms) to help finance the mortgage	28.84%	92
I need the additional income to make ends meet	32.92%	105
I don't use the home full time, so I might as well rent it out when I'm not here	25.71%	82
This is my business	12.54%	40
Total	100%	319

Less than 13 percent of STR owners claim that the vacation rental business is their livelihood. The remainder engages in STR activity to augment their incomes to finance their properties or the general cost of living.

5) How many nights during the year do YOU personally use your short-term rental property?

Answer	percent	number
None. My property is available for rent 100 percent of the year	14.42%	46
1 to 90 nights	45.77%	146
91 to 180 nights	19.75%	63
181 to 364 nights	20.06%	64
Total	100%	319

Less than 15 percent rent their properties full time throughout the year. The remaining STR owners only rent their properties part time. And most rent their homes out as vacation rentals for less than half of the calendar year.

This is consistent with the previous question that property owners who rent their homes out as vacation rentals are doing so to augment their income. It is not their primary business. Furthermore, the home is used for their personal occupation (or their family's), and would not be available to augment the long-term supply of housing if STR activity was banned.

6) If rentals of less than 30-nights were prohibited, what would you do?

Answer	percent	number
I would personally live in the property full time	5.96%	19
I or my extended family (or friends) would use the property more	5.96%	19
I would continue to rent my property short-term, but with a 30-night minimum per rental	49.22%	157
I would convert the property to a long-term rental (1 year lease or longer)	5.64%	18
I would sell the property	10.97%	35
I would continue to rent my property for less than 30-nights, and accept the risk of enforcement action	22.26%	71
Total	100%	319

The responses above demonstrate that most STR owners would choose an option for their property other than one that would augment the housing supply in Santa Barbara County, including the City of Santa Barbara. Only 16.6 percent of respondents indicated they would either long-term rent or sell their property.

Consequently, while some additional properties would be added to the housing stock, mostly as new for-sale inventory, the vast majority (72 percent) would continue to be used as short term rentals, legally or illegally.

The following 3 questions pertained only to the 18 (5.6%) of respondents (above responders in blue) who indicated they would convert their rental to long-term rental property. The purpose of the 3 questions was to determine the potential rental rates of the homes (and, for shared homes, the “per-room” rental rates) that were added to the long-term housing supply.

7) As a long-term rental (1-year leases or longer), what do you think you would rent the property for:

Answer	percent	number
\$1,500 per month or less	11.11%	2
\$1,501 - \$3,000 per month	16.67%	3
\$3,001 - \$5,000 per month	22.22%	4
\$5,001 - \$7,500 per month	33.33%	6
\$7,501 - \$9,000 per month	11.11%	2

Greater than \$9,000 per month	5.56%	1
Total	100%	18

Half of respondents indicated they would rent their home for \$5,000+ per month. This tends to be the higher end of rental properties in Santa Barbara, Goleta, Montecito and Carpinteria, and very high elsewhere. A review of houses for rent on Craig’s List clearly demonstrates this. Consequently, only 9 homes out of 319 STR properties surveyed (2.8 percent) would be added to the rental supply of homes in an affordable range for professionally working families. The other half (2.8 percent) would be added to the rental supply in the luxury home category.

8) As a long-term rental, how many bedrooms would be available in your property?

Answer	percent	number
1	16.67%	3
2	22.22%	4
3	44.44%	8
4	5.56%	1
5	5.56%	1
6 or more	5.56%	1
Total	100%	18

9) What would the “per room” rate be for your long-term rental (calculated as the total monthly rent divided by the total number of bedrooms)?

Answer	percent	number
\$500 or less	0.00%	0
\$501 - \$1000	5.56%	1
\$1001 - \$1,500	50.00%	9
\$1,501 - \$2,000	33.33%	6
Greater than \$2,000	11.11%	2
Total	100%	18

The following question pertained only to the 35 (10.97%) of respondents (question 6 responders in green) who indicated that they would sell their property. The purpose of the question was to determine a potential for-sale price or “value” of the type of homes that would be added to the long-term housing supply.

10) What is the market value of your property?

Answer	percent	number
\$500,000 or less	0.00%	0
\$500,001 - \$1,000,000	18.92%	7
\$1,000,001 - \$1,500,000	13.51%	5
\$1,500,001 - \$3,000,000	32.43%	12
\$3,000,001 - \$5,000,000	21.62%	8
Greater than \$5,000,000	13.51%	5
Total	100%	35

25 of the 35 of the above responders indicated the market value of their home was \$1.5 million and up. 10 of the 35 indicated the market value of their home was \$3.0 million and up. The median value of the 35 STR homes is \$2,581,081.

Conclusion

The tables below quantify the effect of STRs on the supply of long-term rental and for-sale housing units in the:

- 1) City of Santa Barbara
- 2) County of Santa Barbara (excluding the City of Santa Barbara), and
- 3) Combined Total: City & County of Santa Barbara.

<u>City of Santa Barbara (only)</u>	<u>Units</u>	<u>percent</u>
Total Housing units:	38,066	100.00%
Total Short-Term Rental units:	1,193	3.13%
Long-Term Rental Housing Inventory lost due to STR activity:	67	0.18%
Long-Term For-Sale Housing Inventory lost due to STR activity:	131	0.34%
Total Long-Term Housing Inventory lost due to STR activity:	198	0.52%
<u>County of Santa Barbara (excluding the City of Santa Barbara)</u>	<u>Units</u>	<u>percent</u>
Total Housing units:	109,302	100.00%
Total Short-Term Rental units:	1,357	1.24%
Long-Term Rental Housing Inventory lost due to STR activity:	77	0.07%
Long-Term For-Sale Housing Inventory lost due to STR activity:	149	0.13%
Total Long-Term Housing Inventory lost due to STR activity:	226	0.20%
<u>Combined Total: City & County of Santa Barbara</u>	<u>Units</u>	<u>percent</u>
Total Housing units:	147,368	100.00%
Total Short-Term Rental units:	2,550	1.73%
Long-Term Rental Inventory lost due to STR activity:	144	0.10%

Long-Term For-Sale Housing Inventory lost due to STR activity:	280	0.19%
Total Long-Term Housing Inventory lost due to STR activity:	424	0.29%

Is the allegation true that the long-term housing supply in the City of Santa Barbara is impacted by the operation of STRs? Yes. But the degree to which the supply is impacted is statistically negligible.

Only 16.6 percent of current STR properties would be converted to long-term rental or for-sale housing stock in the event that STR activity was prohibited in Santa Barbara County. **This represents only 0.29% of the entire housing stock in Santa Barbara County.**

In conclusion, prohibition of STRs will create an estimated 67 additional long-term rental units in the City of Santa Barbara, and 77 additional long-term rental units in rest of the County of Santa Barbara. 144 total additional units out of 147,368 long-term housing units in the entire County of Santa Barbara **represents only 0.10% of the total housing supply**. This is a negligible increase in the supply of long-term rental units, and is unlikely a large enough increase in supply to have any long-term impact on rental rates.

Similarly, prohibition of STRs will create an estimated 131 additional for-sale housing units in the City of Santa Barbara, and 149 additional for-sale housing units in rest of the County of Santa Barbara. 280 total additional housing units out of 147,368 long-term housing units in the entire County of Santa Barbara represents only 0.19% of the total housing supply, and is unlikely a large enough increase in supply to reduce housing purchase prices.

Finally, for half of the estimated increase in the supply of long-term housing created by the prohibition of STRs, it is likely that rental rates for these properties would exceed \$5,000 per month (and, in a shared home, over \$1,500 per room per month). This level of monthly rent is generally not considered an “affordable housing” rate. Therefore, a significant amount of any increase in rental properties caused by prohibition of STRs would unlikely have any impact on the “affordable housing” problem in the region.

The empirical evidence does not justify the perception that the operation of STRs in Santa Barbara County or City materially impact the supply of housing for residents. Only a negligible increase in the long-term housing supply would be created by the prohibition of STRs, and approximately half of that negligible increase would not be considered “affordable” housing. Consequently, this study does not support the allegation that STRs have a significant negative impact on the supply of long-term housing.

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Airbnb listings in Vancouver: How many? What type? Where?

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Effect of STRs on Home Values (see last page for conclusions, page 19)

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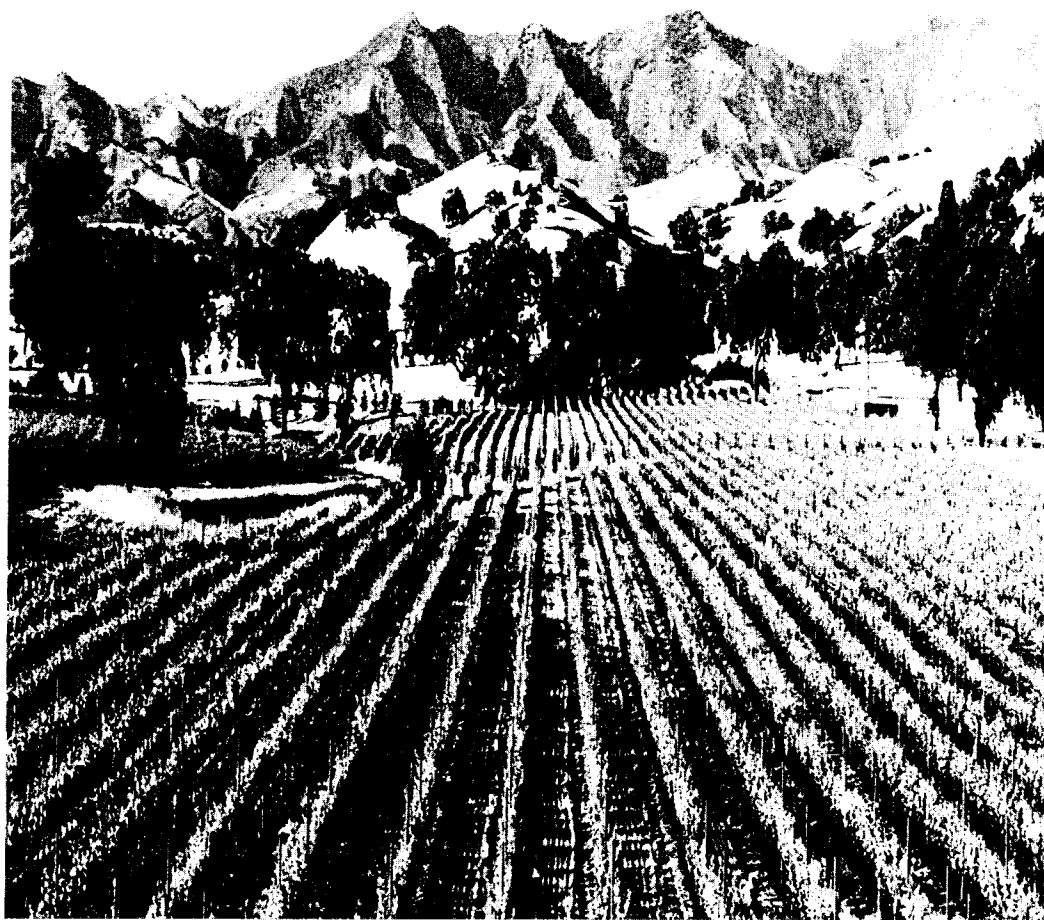
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The Cultural, Economic, and Environmental Impact of Short-Duration Sweetpotatoes in Central California



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Overview

Short term rentals (STR) are an increasingly popular lodging choice for travelers in almost all communities in the United States. With the growth of online reservation systems such as HomeAway and AirBnB, visitors are better able to select the accommodation style that fits their needs. Communities are increasingly focused on how best to appropriately incorporate STR properties into their existing regulatory and fiscal framework. This impact analysis is meant to inform the discussion of STR regulations in the Santa Barbara area.

Tourism has been a significant part of the Santa Barbara county economy for decades. With thousands of visitors drawn to the area's scenic beauty, calm atmosphere, and award-winning wineries and restaurants, the region benefits from a wide variety of lodging options. STRs have become an important part of the lodging market for the Santa Barbara area, with beach homes that boast great weather and spectacular coastal scenery and vineyard retreats that provide access to one of California's finest wine regions.

For the purpose of this study, STRs are defined as residential properties that are available to be rented for a period of less than 30 days. Any properties self-identifying as a short term or vacation rentals, as well as properties listed on major short term and vacation rental websites, were included. These properties tend to be rented out for leisure travel and for less than a month at a time. This report will refer to two areas of analysis – the City of Santa Barbara and the rest of Santa Barbara County (which includes the County's other municipalities as well as unincorporated areas of the County) – which can be summed to provide a total County-level figure.

The report that follows provides an overview of tourism trends in the Santa Barbara area, specific characteristics of the local STR market, and a discussion of the methodology, findings, and conclusions of the economic impact analysis.

Spending by STR guests contributes significantly to the Santa Barbara area economy. Nearly half the total County impact accrues to the City of Santa Barbara. The overall impact of STRs throughout Santa Barbara County in 2014 accounted for more than \$471.6 million in economic activity and nearly 5,000 jobs.

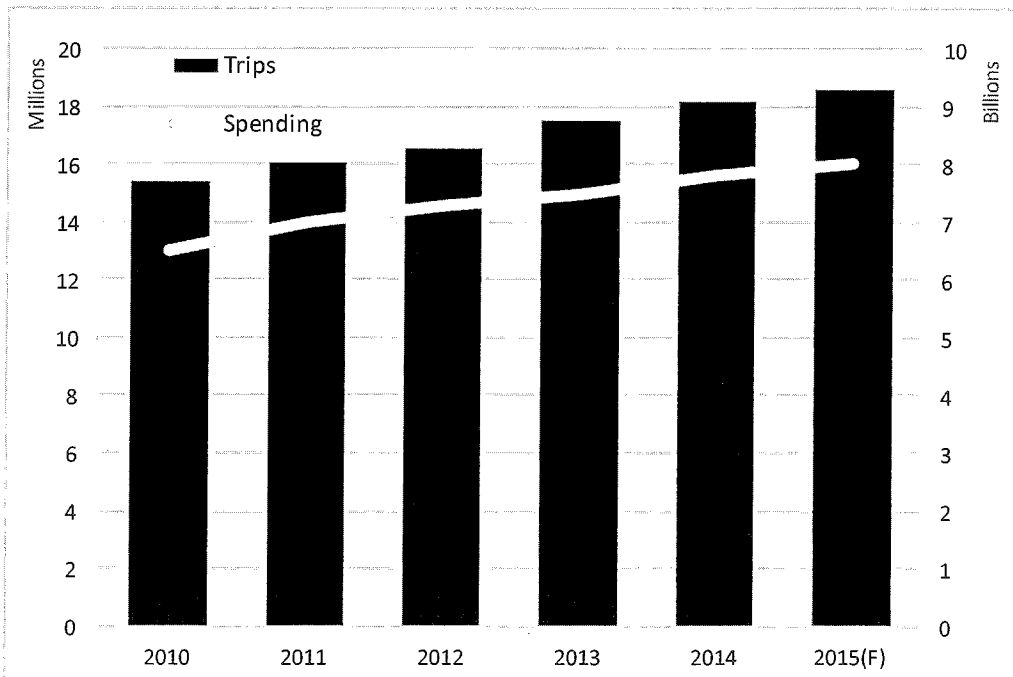
Tourism and the Santa Barbara Area Economy

Overall Context

With the draw of both coastline and vineyards, tourism is a central component of the Santa Barbara area economy. In a study conducted in 2012, the Santa Barbara County Workforce Investment Board found that the Agriculture, Tourism, and Wine industry cluster was the county's largest employer. Including wineries, accommodations, and amusement and recreation providers, this cluster accounts for more than 15 percent of the county's workforce. Though employment in these sectors is vulnerable to economic cycles, both total employment and the average annual wage per worker in tourism-related industries have seen a 25 percent increase over the past decade. The Workforce Investment Board forecast nearly 5 percent annual growth in Agriculture, Tourism, and Wine industry cluster employment over the next few years.

Nearly 19 million person-trips to the Central Coast region brought approximately \$9 billion worth of direct tourist spending to the area in 2015. The region has seen a steady increase in both trips and spending over the past five years. Direct tourist spending in Santa Barbara County accounts for more than \$2 billion of the larger Central Coast figure and has increased by nearly 50 percent in the past decade. In 2014, this direct tourist spending generated more than \$170.4 million in state and local tax for the communities in Santa Barbara County.

Figure 1: Total Annual Trips and Visitor Spending for California's Central Coast Region



Source: Tourism Economics; D.K. Shifflet & Associates (Note: Figures for 2015 are projections.)

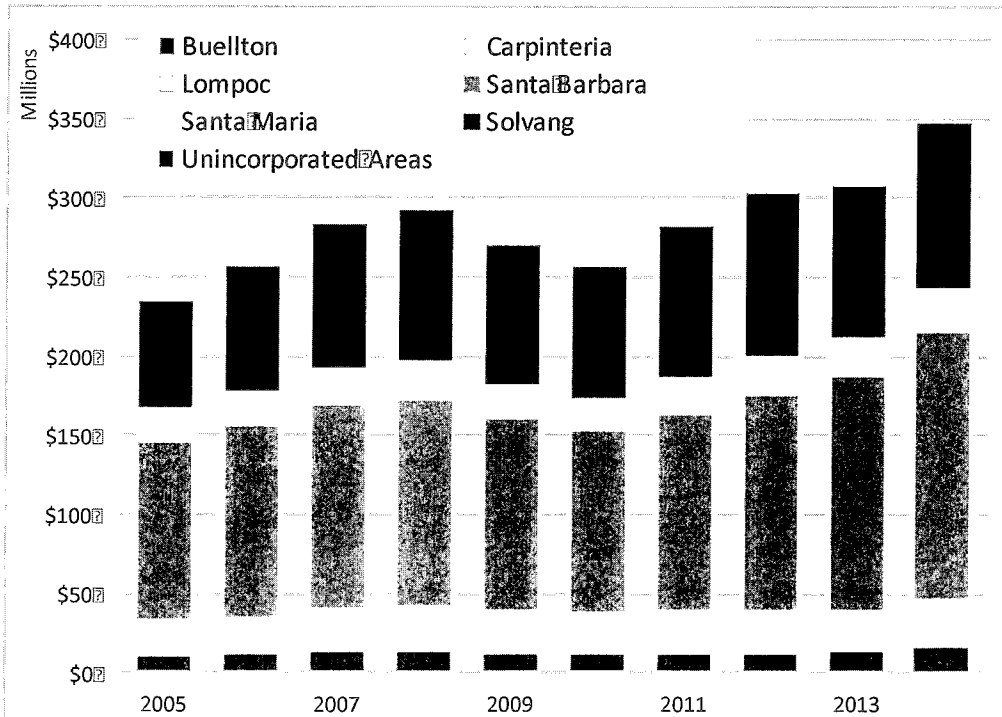
The hotel industry throughout Santa Barbara County has seen similar growth. Occupancy rates are estimated to climb well over 76 percent in 2015. By contrast, nationally hotels averaged 64.4 percent occupied in 2014. This, together with a climbing average daily rate, indicates that demand for hotel room-nights continues to far outpace supply. Going back a full decade it is possible to see the tourism industry following national economic trends, with a decline in room sales in 2009 and 2010 followed by a recovery from 2011 to the present. Throughout the past decade, the proportion of tourist activity in different areas of Santa Barbara County has remained consistent, with the City of Santa Barbara accounting for nearly half of all visitor stays.

Figure 2: Annual Hotel Industry Indicators in Santa Barbara County

Year	Annual Room Supply	Market Occupancy	Average Daily Rate
2011	1,950,925	69.8%	\$168.89
2012	1,972,825	71.4%	\$174.78
2013	2,003,211	73.4%	\$185.72
2014	2,007,135	75.6%	\$199.30
2015(P)	2,023,925	76.4%	\$212.27

Source: PKF Consulting (Note: Figures for 2015 are projections.)

Figure 3: Annual Taxable Room Sales



Source: Dean Runyan for Travel California

Short Term Rentals in the Santa Barbara Area

The STRs located throughout Santa Barbara County include rural ranch getaways, city-center condos, beach-adjacent vacation homes, and properties neighboring the county's vineyards. They provide additional rooms to supplement the supply of local hotel rooms, which is currently facing very high demand. Approximately 2,550 unique STR properties were listed in 2014 throughout Santa Barbara County across a variety of major online vacation rental platforms.

Regulation of STRs in Santa Barbara County differs dramatically depending on both specific municipal or county code, as well as enforcement of those statutes. Even so, there is a uniformity throughout the County in that room rentals (sometimes called "home stays," in which a homeowner rents out a room or rooms in their home while they remain on-site) are considered different from the rental of an entire property. It is the increased demand for property rentals, with continued regulatory uncertainty, which has contributed to conflict between STR owners, guests, and neighbors in the Santa Barbara area. The following jurisdictions have recently taken steps to clarify their restrictions and permissions associated with STRs:

- **City of Buellton:** The City issued cease-and-desist letters to six STR operators in April 2015 as the current municipal code prohibits bars and motels from operating within a single-family residential zoning district. Buellton is in the process of adopting an ordinance which will explicitly ban STRs from single-family residential zoned areas.
- **City of Carpinteria:** STRs are prohibited in single-family residential neighborhoods but allowed in multifamily and commercial areas. The majority of the nearly 300 licensed STR properties are concentrated along the beach and downtown. Currently, the City of Carpinteria is considering capping the total number of STRs permitted to operate.
- **City of Goleta:** Homeowners who obtain a license and operation permit, provide a "nuisance response" plan, and acquire a \$1,500 surety bond are allowed to operate an STR regardless of how their property is zoned.
- **City of Santa Barbara:** Current municipal zoning code prohibits STRs, considered businesses, in residential neighborhoods. This ban was upheld by a unanimous city council vote this summer. However, the City of Santa Barbara has been allowing STRs to register and operate throughout the city even in prohibited zones for a number of years. Property owners were required to secure a business license from the City and pay applicable transient occupancy

taxes to the City and State. These registered STRs contribute more than \$1 million annually in transient occupancy tax to the City of Santa Barbara. As a part of the resolution affirming the STR ban for residential neighborhoods, existing, licensed STRs are allowed to operate until the end of the year. Approximately 350 STRs are registered with the City of Santa Barbara. More than 70% of these are in residential neighborhoods and will be impacted by the City's enforcement of its zoning restrictions going forward.

- **City of Solvang:** In 2014, the City of Solvang allowed nine STRs already operating to continue their operations as part of a sanctioned "tourism zone."
- **Unincorporated Santa Barbara County:** STRs are not defined under the County's code. Currently the County has allowed property owners to register and operate STRs, provided that they collect and remit the appropriate transient occupancy taxes. The County Treasurer-Tax Collector estimates that there are more than 430 STRs registered in unincorporated parts of the County.

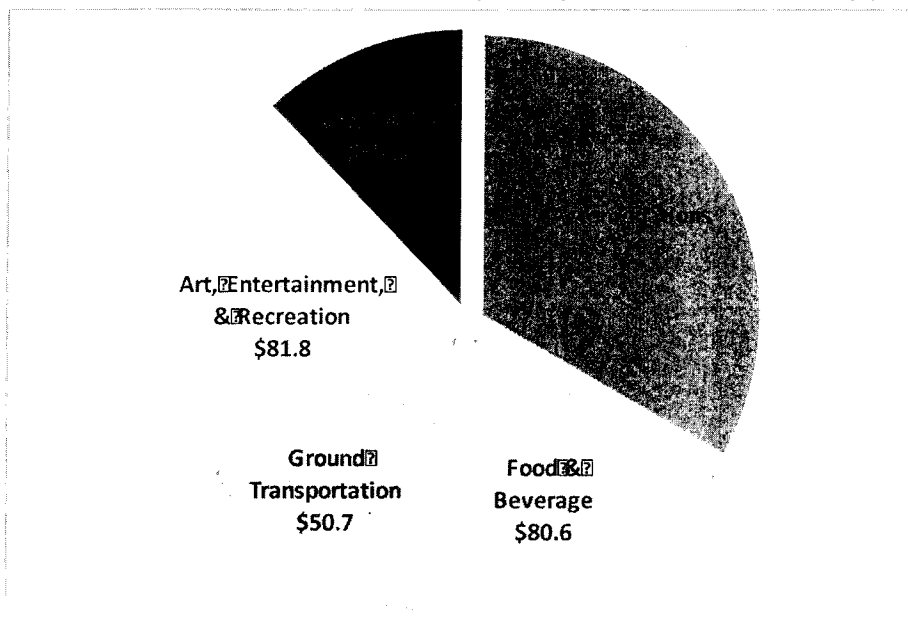
Economic Impact Calculations

The economic impact of STRs in Santa Barbara in 2014 was calculated by first estimating the direct accommodations spending by visitors using STRs. Next, this figure was used as the basis of calculating total STR direct spending. Using these figures, specific multipliers provided by the US Bureau of Economic Analysis RIMS II industry model for the Santa Barbara MSA were used to estimate the ripple effects of the induced and indirect impacts; the combination of these ripple effects and the direct spending forms the total economic impact.

Direct STR-Related Spending Estimates

Using a combination of data provided by STR property owners/managers and web-based vacation rental marketplaces the aggregate direct spending on lodging by STR guests in Santa Barbara County totaled \$129.8 million in 2014. As a part of the study, survey data was collected from property owners and managers for nearly 100 local properties. HomeAway provided data for the approximately 2,300 properties listed with their family of websites throughout all parts of Santa Barbara County. Data was also collected from other websites used for advertising and renting STRs, including AirBnB, Craigslist, and FlipKey. As all of our survey respondents indicated using one or more website to advertise and rent their properties, efforts were made to eliminate duplicative data. The estimated 2014 total revenue for STRs was validated using local stakeholder information and publicly available datasets including Visit California's travel impact figures, produced by Dean Runyan.

Figure 4: 2014 Total Direct STR Visitor Spending in Santa Barbara County (\$millions)



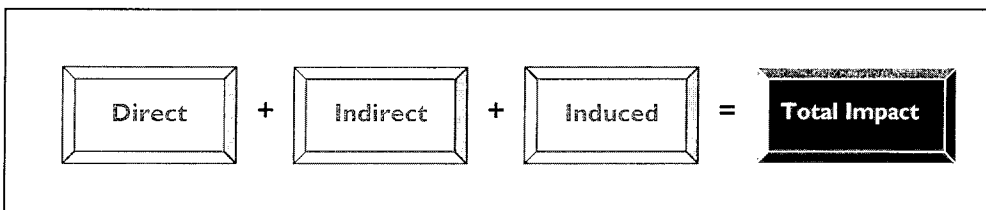
Source: US Bureau of Economic Analysis; Destination Analysts, Inc.; TXP, Inc.

Using data from the 2013 Santa Barbara South Coast Visitor Profile produced by Destination Analysts, Inc., it was possible to determine the proportion of tourism spending attributable to lodging in Santa Barbara County. This ratio was then applied to the amount spent by guests at STRs to calculate the total direct spending by STR users in 2014. This ratio of direct spending in different industry categories (i.e. lodging, food and beverage, recreation, retail, and transportation) was validated using data from the US Bureau of Economic Analysis' Travel and Tourism Satellite Accounts dataset. Visitors to Santa Barbara County spend proportionally more on accommodations and food, but less on retail sales and local transportation, during their stay than the national average. For every \$100 a traveler spent on lodging, they spent an additional \$62 on food, \$39 on local transportation, \$63 on recreation activities, and \$37 on retail shopping in the local economy. As a result, the total direct spending by STR visitors in Santa Barbara County in 2014 is estimated at \$390.4 million.

Economic Impact Methodology

The economic impacts extend beyond the direct activity outlined above. In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payments made by a visitor to a hotel operator or taxi driver are examples of a direct effect.

Figure 5: The Flow of Economic Impacts



Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for

example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is spent in the local economy. Once the ripple effects have been calculated, the results can be expressed in a number of ways. Four of the most common are “Output,” which is equivalent to sales; “Value-Added,” which is sales minus the cost of goods sold; “Earnings,” which represents the compensation to employees and proprietors; and “Employment,” which refers to permanent, full-time jobs that have been created in the local economy.

The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. Larger multipliers mean greater interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in activity is produced in all sectors.

Economic Impact Results

The \$390.4 million in direct spending by visitors to Santa Barbara County staying in STR properties in 2014 created a total economic activity of \$471.6 million, earnings of \$133.4 million, and nearly 5,000 jobs in the regional economy. The majority of this generated activity is concentrated in the sectors with the highest direct tourism spending, such as Food Services and Arts, Entertainment, and Recreation.

Even so, the spending patterns of STR users, and particularly the indirect and induced effects of their lodging spending, are different than those visitors staying in traditional hotel/motel accommodations. To capture this difference, the total impact of lodging spending by STR users was calculated through the Households sector of the economy, rather than the Accommodations sector. The following tables details the total industry-level impact of STRs in the City of Santa Barbara, the rest of Santa Barbara County, and the total impacts for Santa Barbara County overall. As the City of Santa Barbara is home to the largest cluster of STRs in the county, it is not surprising that just under half of the total county-level impact is accrues from these City of Santa Barbara STRs.

Further benefits accrue to local cities, counties, and the State of California from taxes assessed on direct spending by visitors, as well as realizing revenue associated with the ripple effects of that spending.

Figure 6: Economic Impact of Short Term Rentals in the City of Santa Barbara

Industry	Output	Value-Added	Earnings	Jobs
Ag., forestry, fishing, & hunting	\$642,992	\$258,279	\$206,636	5
Mining	\$883,705	\$605,665	\$101,141	1
Utilities	\$1,176,598	\$628,793	\$113,003	1
Construction	\$1,843,460	\$989,072	\$513,537	9
Manufacturing (durable goods)	\$1,835,631	\$769,498	\$382,315	7
Manufactur. (nondurable goods)	\$4,380,364	\$1,307,494	\$574,587	11
Wholesale trade	\$4,015,897	\$2,723,120	\$1,123,803	16
Retail trade	\$22,639,204	\$14,737,303	\$6,541,010	251
Transportation & warehousing	\$26,714,853	\$12,358,184	\$8,653,102	290
Information	\$4,453,773	\$2,613,235	\$1,001,305	13
Finance & insurance	\$6,807,978	\$3,509,882	\$1,585,504	25
Real estate, rental, & leasing	\$26,104,748	\$18,257,993	\$3,666,096	138
Prof., scientific, & tech. services	\$6,443,507	\$4,040,465	\$2,417,688	35
Management of companies	\$2,972,850	\$1,783,433	\$1,065,008	10
Admin. & waste manag. services	\$5,172,149	\$3,241,695	\$1,975,683	59
Educational services	\$1,844,158	\$1,128,339	\$742,826	22
Health care & social assistance	\$12,479,818	\$7,498,297	\$4,695,542	105
Arts, entertainment, & recreation	\$39,541,768	\$22,012,140	\$11,430,290	590
Accommodation	\$1,896,883	\$1,201,094	\$494,635	15
Food services & drinking places	\$42,695,946	\$22,505,206	\$13,177,067	664
Other services	\$6,155,314	\$3,413,342	\$1,807,199	48
Households	n/a	\$142,844	\$142,844	12
Total	\$220,701,596	\$125,725,374	\$62,410,821	2,328

Source: TXP

Figure 7: Economic Impact of Short Term Rentals in the Rest of Santa Barbara County

Industry	Output	Value-Added	Earnings	Jobs
Ag., forestry, fishing, & hunting	\$731,036	\$293,645	\$234,930	5
Mining	\$1,004,709	\$688,598	\$114,990	1
Utilities	\$1,337,708	\$714,893	\$128,477	1
Construction	\$2,095,883	\$1,124,504	\$583,855	11
Manufacturing (durable goods)	\$2,086,982	\$874,865	\$434,665	8
Manufactur. (nondurable goods)	\$4,980,163	\$1,486,528	\$653,265	12
Wholesale trade	\$4,565,789	\$3,095,994	\$1,277,684	19
Retail trade	\$25,739,164	\$16,755,265	\$7,436,663	285
Transportation & warehousing	\$30,372,887	\$14,050,376	\$9,837,962	330
Information	\$5,063,623	\$2,971,062	\$1,138,413	14
Finance & insurance	\$7,740,186	\$3,990,486	\$1,802,605	29
Real estate, rental, & leasing	\$29,679,241	\$20,758,039	\$4,168,090	157
Prof., scientific, & tech. services	\$7,325,809	\$4,593,722	\$2,748,739	40
Management of companies	\$3,379,919	\$2,027,637	\$1,210,838	12
Admin. & waste manag. services	\$5,880,365	\$3,685,577	\$2,246,211	67
Educational services	\$2,096,676	\$1,282,841	\$844,541	25
Health care & social assistance	\$14,188,666	\$8,525,031	\$5,338,497	120
Arts, entertainment, & recreation	\$44,956,177	\$25,026,237	\$12,995,426	671
Accommodation	\$2,156,621	\$1,365,558	\$562,365	17
Food services & drinking places	\$48,542,253	\$25,586,818	\$14,981,387	754
Other services	\$6,998,154	\$3,880,727	\$2,054,656	55
Households	n/a	\$162,404	\$162,404	13
Total	\$250,922,011	\$142,940,805	\$70,956,663	2,646

Source: TXP

Note: The “rest of Santa Barbara County” refers to the County’s municipalities, excluding the City of Santa Barbara, as well as unincorporated areas of the County

Figure 8: Total Economic Impact of Short Term Rentals in Santa Barbara County

Industry	Output	Value-Added	Earnings	Jobs
Ag., forestry, fishing, & hunting	\$1,374,028	\$551,924	\$441,566	10
Mining	\$1,888,414	\$1,294,263	\$216,132	2
Utilities	\$2,514,305	\$1,343,686	\$241,480	2
Construction	\$3,939,343	\$2,113,576	\$1,097,393	20
Manufacturing (durable goods)	\$3,922,613	\$1,644,363	\$816,980	15
Manufactur. (nondurable goods)	\$9,360,527	\$2,794,022	\$1,227,852	23
Wholesale trade	\$8,581,685	\$5,819,114	\$2,401,487	35
Retail trade	\$48,378,369	\$31,492,568	\$13,977,673	536
Transportation & warehousing	\$57,087,740	\$26,408,559	\$18,491,064	620
Information	\$9,517,396	\$5,584,298	\$2,139,718	27
Finance & insurance	\$14,548,164	\$7,500,367	\$3,388,110	54
Real estate, rental, & leasing	\$55,783,990	\$39,016,032	\$7,834,186	295
Prof., scientific, & tech. services	\$13,769,317	\$8,634,187	\$5,166,427	76
Management of companies	\$6,352,768	\$3,811,070	\$2,275,846	22
Admin. & waste manag. services	\$11,052,514	\$6,927,272	\$4,221,894	126
Educational services	\$3,940,834	\$2,411,180	\$1,587,367	47
Health care & social assistance	\$26,668,484	\$16,023,328	\$10,034,038	225
Arts, entertainment, & recreation	\$84,497,945	\$47,038,377	\$24,425,716	1,261
Accommodation	\$4,053,503	\$2,566,651	\$1,057,000	33
Food services & drinking places	\$91,238,200	\$48,092,024	\$28,158,454	1,418
Other services	\$13,153,468	\$7,294,069	\$3,861,855	102
Households	n/a	\$305,248	\$305,248	25
Total	\$471,623,607	\$268,666,179	\$133,367,484	4,974

Source: TXP

Conclusions

The economic impact of STRs is substantial. STR guest spending ultimately creates thousands of jobs and millions of dollars of economic output, wages, and tax revenue in the local economy each year. This appears to be largely net new spending as recent increases in STR activity have coincided with growth in tourism-related activity throughout the Santa Barbara area. The historically high county-wide hotel occupancy rates indicate STRs are complementary, rather than substitute, goods in the local accommodations market. As such, STRs are a vital component of the overall local lodging portfolio and play an important role in the greater tourism-related economy of the Santa Barbara area.



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BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

The highlighted line(s) below are examples of false and/or incomplete information in this letter.

Our County decision makers need unbiased facts in order to make rational decisions that affect the County and its residents. The economic impact of STRs is too great to make decisions based on anecdotal evidence.

Data collection & analysis should be contracted to professional economic or statistical consulting firms who can support their conclusions by performing scientific research methods for each item.

Department Name: Planning & Development
Department No.: 053
For Agenda Of: Set Hearing on
May 16, 2017, for
June 6, 2017
Placement: Departmental
Estimated Time: 3 hours on June 6, 2017
Continued Item:
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Glenn S. Russell, Ph.D., Director, Planning and Development,
Director(s) (805) 568-2085
Contact Info: Daniel T. Klemann, Deputy Director, Long Range Planning
Division, (805) 568-2072
SUBJECT: Short-Term Rental (STR) Ordinances

County Counsel Concurrence

As to form: Yes

Other Concurrence: N/A

As to form: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

That the Board of Supervisors (Board):

On May 16, 2017, set a hearing for June 6, 2017, at which the Board should:

- a. Receive and file a staff report that sets forth the information that the Board requested at its December 6, 2016, hearing regarding STRs and determine that pursuant to the California Environmental Quality Act (CEQA) Guidelines 15378(b)(5) that these actions are not a project subject to CEQA review; and
- b. Adopt the STR ordinances, as recommended by the Planning Commissions, by taking the actions set forth in the Board letter and Attachments on this matter, dated December 6, 2016 (Attachment 1); or
- c. Direct staff to revise the proposed STR ordinances, and return and present the revised STR ordinances to the Board; or
- d. Take no action at this time.

Summary:

At the December 6, 2016, hearing, the Board considered ordinances that would allow the use of STRs with permits in some zone districts and prohibit the use in all other zone districts. After receiving the staff report and public testimony, the Board directed staff to return with additional information regarding STRs. This Board letter summarizes the information that the Board requested including (1) background information and relevant facts, (2) common approaches for regulating STRs, (3) permitting and development standards, and (4) enforcement.

As stated in the recommended actions (above), after considering the requested information, the Board should either (1) adopt the STR ordinances, as recommended by the Planning Commissions, by taking the actions set forth in the Board letter and Attachments on this matter, dated December 6, 2016, or (2) direct staff to revise the proposed STR ordinances and return to the Board for consideration of the revised STR ordinances, or (3) take no action at this time.

Information Requested at the December 6, 2016, Board Hearing:

At the December 6, 2016, hearing, the Board requested staff to research and report back to the Board regarding a number of items related to STRs. The following information is provided for the Board's consideration.

1.0 Background Information and Relevant Facts

1.1 Information on the Tax Collector's Application for the Transient Occupancy Tax (TOT) Certificate

Pursuant to the County Code (Chapter 32), the County of Santa Barbara Treasurer-Tax Collector's office collects TOT. Hotel operators in the unincorporated areas of the County are required to collect the TOT from transients who stay for a period of 30 consecutive days or less. Chapter 32 of the Code defines "hotel" very broadly to include STRs. The current TOT amount is 12 percent of the rent that an operator charges. The table below lists the total amount of TOT revenue that the Treasurer-Tax Collector's office collected for STRs, and the total number of TOT Certificates that the County of Santa Barbara Treasurer-Tax Collector's office issued for STRs over the last two fiscal years.

Timeframe	Amount of TOT Collected	Number of TOT Certificates
Fiscal Year 2014 – 2015	\$1,416,339	492
Fiscal Year 2015 – 2016	\$1,669,810	535

The TOT certificate is for tax collection purposes and does not constitute a land use entitlement. The TOT application does not currently require applicants to provide information on the housing type (e.g., if the rental unit is a primary or secondary dwelling unit, or if the owner occupies the home at the same time as the transient), but the application could be modified to require the applicant to provide this information. A copy of the TOT application is included as Attachment 2 to this board letter.

1.2 Location of TOT Certificates Issued in FY 2015-2016

TOT certificate data are the only empirical data currently available to staff that shows where STRs exist in the County. This is due to the fact that STR platforms do not give the exact address of the rentals shown on their maps and often only include interior pictures. In fact, the radius from the actual unit can be as large as half a mile, in some instances. Attachment 3 illustrates the distribution of STRs for which the Tax Collector issued TOT certificates in FY 2015-2016 as follows:

1. TOT certificates by community plan;
2. TOT certificates by zone district;
3. TOT certificates by residential zone;
4. TOT certificate distribution by land use designation;
5. TOT certificates by zoning ordinance (Land Use Development Code, the Montecito Land Use Development Code, or Article II);
6. TOT certificates in the Montecito Community Plan (Montecito Land Use Development Code, or Article II); and
7. TOT certificate locations by community plan and by general land use designation.

The maps are extremely misleading. The "dot size" is enlarged to make the density of STRs seem greater than actual. See ATTACHMENT 1.2 which shows that the dot size is enlarged to be ~400% larger than actual.

The data presented in Attachment 3 illustrates noteworthy trends:

- 50 percent of the TOT certificates are for STRs located in the areas subject to the Montecito or Santa Ynez community plan.
- 73 percent of TOT certificates are for STRs located in Residential zone districts and 24 percent are for STRs located in the County's agricultural zones.
- The majority of TOT certificates in residential zones are for STRs located in either the R-1 or E-1 (Single Family Residential) zone districts.
- 67 percent of all TOT certificates are for STRs located in Urban land use designations.
- 56 percent of the TOT certificates are for STRs located in the Inland Area (excluding Montecito), and 30 percent of the TOT certificates are for STRs located in the Coastal Zone.
- Of the 139 TOT certificates for STRs located in the Montecito Community Plan Area, 75 are for STRs located in the Montecito Inland area and 64 are for STRs located in the Coastal Zone.

Not true. Reliable estimates of vacancy rates can be obtained from commercial and residential real estate consulting firms (such as REIS, Inc.).

1.3 Historic and Current Vacancy Rates for Santa Barbara County

Accurate and meaningful vacancy rate data for the unincorporated County is not currently available. Additional time, outside consultation, and cost would be required to disaggregate census data for specific communities (e.g., Summerland, Los Olivos, and Eastern Goleta Valley). Staff will continue to investigate available data sources for this information.

1.4 Consistency of STRs with the Legislative Purpose of Residential Second Units (RSUs) [also known as "Accessory Dwelling Units" (ADUs)]

State legislation involving ADUs is generally intended to reduce barriers, streamline the approval process, and expand the capacity to accommodate the development of ADUs because ADUs are considered an essential component of California's housing supply. The state legislature has determined that: ADUs are a valuable form of housing in California; ADUs provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below market prices within existing neighborhoods; homeowners who

create ADUs benefit from added income and an increased sense of security; ADUs in single-family and multifamily residential zones provide additional rental housing stock; and ADUs offer lower cost housing to meet the needs of existing and future residents within existing neighborhoods. (Government Code section 65852.150.) Most recently, on January 1, 2017, substantial revisions to the State Government Code regarding the permitting and development of ADUs went into effect. The key changes include (1) no minimum lot size requirements, (2) reduced parking requirements, and (3) streamlined permitting.

An important component of the new state legislation is that it allows local jurisdictions, with adoption of an ordinance that complies with state law, to require that an applicant for an ADU be an owner-occupant or that the property be used for rentals of terms longer than 30 days. Planning and Development staff is currently preparing zoning ordinance amendments to incorporate the ADU legislative changes. The Montecito Planning Commission heard this item on March 22, 2017 and April 12, 2017, and the County Planning Commission is expected this spring, with anticipated Board adoption hearings in the summer. The Board could place restrictions on using ADUs for STRs as part of the STR Ordinance or as part of the ADU Ordinance.

The County first adopted standards allowing ADUs in 1982 and has amended them many times since (e.g., in 1986, 1990, 1994, 1999, and 2002). Staff reviewed the permit data for ADUs issued in the County since 2001. Out of the 88 permits issued for ADUs, eight of the permits are located on lots for which the Tax Collector issued a TOT certificate. However, the TOT certificates do not indicate whether the property owner uses the primary dwelling or the ADU as a STR and, consequently, it is not clear to what extent the allowance of STRs has reduced the number of ADUs available as long-term rentals.

1.5 Effect on Housing Element

At the December 6, 2016, hearing, Board members asked about the possible effect that STRs might have on the County Housing Element and the RHNA. Because STRs occur in existing housing units, the allowance of STRs would not directly affect the current Regional Housing Needs Allocation (RHNA). The Housing Element inventories vacant and underutilized sites that are zoned and suitable for new development. It estimates what can be built in the future to accommodate the RHNA requirements. The RHNA requirements do not distinguish between uses (e.g., rental properties, owner-occupied units, or STRs) but call for the housing needs by four income categories (i.e., very low, low, moderate, above moderate) and analyze whether there is sufficient higher density zoning available for these various housing types. Therefore, the exact impact of the use of STRs on future RHNA is unknown, but staff does not believe the current Housing Element is at risk of being de-certified due to any action taken on the use of STRs.

Staff contacted the California Department of Housing and Community Development; this agency does not have a position on the use of STRs affecting affordable housing.

1.6 Effect on Housing

The general theory of housing supply holds that if the demand for apartments and houses exceeds the supply, the prices will rise and reduce affordable housing opportunities. STRs take housing stock out of the market and, therefore, could be driving up the cost of housing, making it

Not true. Effect on Housing has been determined to be negligible due to the fact that STRs represent only 1.7% of the entire housing stock in the County, and that 85% of STR property owners use the property throughout the year and therefore the property would never added to long term affordable housing stock.

Data-supported conclusions can be found in 4 separate studies that County Staff failed to include. See ATTACHMENTS 1.6a - 1.6d.

challenging for workforce and low income renters to find housing, and for first time homebuyers to enter into the market.¹ It is unclear what the affects of a prohibition of STRs would be to the housing market. This is due to the fact that we cannot predict the owner’s behavior in the face of a prohibition; they could not rent the unit and use it only for the time they come to the area, they could sell the unit; or they could rent it full time.

1.7 Data on Owner Occupied STR Properties

Another question that was raised at the December 6, 2016, hearing was how many STRs were owner-occupied. Although we do not know the extent of STRs in the County, TOT certificates and information from the Assessor on the issuance of homeowner exemption certificates. The owner can claim the exemption only for the primary residence, which property tax reduction. The reliability of this data depends on the owner to claim the exemption and it is likely that not all qualified owners request this exemption. Of the TOT certificates, 185 owners are claiming an exemption at this time. In the future, the Assessor will direct the Tax Collector’s office to request this information on the TOT certificates to be well.

Not true. A report used legitimate methods to estimate the number of STRs in SB County (including SB City) at ~2,550. Estimates can also be made by simply viewing total number of listings advertised in the County on websites such as HomeAway.com. See ATTACHMENT 1.7.

1.8 Coastal Commission’s Comments Regarding STRs

At the Board hearing on December 6, 2016, staff presented the Planning Commission’s recommendations to permit the use of STRs in (1) the Agricultural II (AG-II) zones, (2) certain Mixed-Use zones, and (3) certain Commercial zones where other transient lodging is permitted. The Planning Commission’s recommended ordinances would prohibit STRs in Residential, Resource Protection, Industrial, and certain Special Purpose zones.

Coastal Commission staff submitted a letter dated November 30, 2016 (Coastal Commission staff letter), regarding the Planning Commission’s recommendations (Attachment 4). It states: “...[S]hort-term rentals, including those in residential zones, can provide an important source of visitor accommodations in the Coastal Zone. In some instances, residential short-term rentals may provide a lower cost alternative to renting hotel or motel rooms, especially for large families or groups of individuals.” At the hearing on December 6, 2016, the Board requested staff to report back with an analysis of STR rates in the Coastal zone.

Staff reviewed AirBnB, Homeaway, and other local rental platforms for rentals offered in 2017 for the winter and summer months. Staff’s research revealed that STR costs in coastal, residential zones in the unincorporated areas of the County, range from \$150 per night for a one bedroom STR to over \$4,200 per night for a five bedroom STR. Attachment 5 shows the average costs of rentals in the Coastal Zone by community and number of bedrooms. These average rates include additional fees (e.g., cleaning fees). Many of the listings also had three-day minimum rental periods, which increases the overall rent payment. Staff also reviewed the cost of hotel rooms in the Coastal Zone and found that they range from \$250 per night to \$700 per night (Attachment 5).

There are also many camping sites in the County (e.g., Gaviota, El Capitan, Refugio, and Jalama) that offer an affordable lodging option for coastal access. In total, there are approximately 330 camping sites for RVs, trailers, or tents with an average cost during the high

¹ County Planning Commission staff memo, dated November 18, 2015 (Attachment B, C, and D).

Not true. A much more thorough and scientific study was prepared using data from 150 local STRs, and concluded that STRs in the Santa Barbara area offer visitor accommodations at rates that are 22%-38% LESS than Hotels. Also, significant savings in meal costs are added because families can cook meals at their STR. See ATTACHMENT 1.8

season of \$55 per night. Additionally, Jalama Beach approximately \$140 per night.

In light of this data, staff has generally found that when comparing the various accommodations, the cost of STRs in the Coastal Zone is not substantially lower than the cost of other types of similarly situated accommodations (e.g., hotel rooms on the coast). However, the comparison of STRs to other types of lodging is not always “apples to apples.” The price per bedroom of a given STR will often be more affordable than the price per hotel room. Thus, a sizeable group may find the STR to be more economical. But even the room-to-room price comparison is not directly correlated due to the differences between the products. For example, each hotel room has bathroom facilities; each STR room may not. STRs have kitchens; most hotel rooms do not.

The Coastal Commission staff letter also states:

The Commission has not...supported amendments that prohibit or unduly restrict the rental of residences to visitors in a manner that will diminish the public's ability to access and recreate on the coast. A ban of short-term rentals...would thus be inconsistent with previous Commission actions...Commission staff recommends that the regulation of short-term rentals include regulation within residential zones rather than a complete prohibition within those zones.

Coastal Commission staff also questioned the allowance of STRs on agriculturally zoned property, and recommended “...that the county consider alternatives to avoid potential adverse impacts to long term agricultural use and operations in AG-II in the Coastal Zone, such as allowing homestays instead of short-term rentals.”

Staff also received a letter from Steve Kinsey, then Chair of the Coastal Commission, dated December 6, 2016 (Attachment 6), in which he states that members of the Coastal Commission “...support developing reasonable and balanced regulations that can be tailored to address the specific issues within your community to allow for vacation rentals, while providing appropriate regulation to ensure consistency with applicable laws.” Coastal Commission staff also prepared a document on the Coastal Commission’s recent decisions regarding the use of STRs in other jurisdictions (Attachment 7).

In summary, County staff’s research indicates that STRs in the County of Santa Barbara provide an alternative accommodation product type to traditional hotel rooms and, depending on the guests’ needs; STRs may be a lower cost visitor option in the Coastal Zone.

Staff does not agree with the Coastal Commission staff’s assertion that allowing STRs on agriculturally zoned land is inconsistent with the policies of the Local Coastal Program (LCP). The Coastal Commission’s staff presented no evidence to support the claim that the use of STRs will have an adverse impact on agricultural operations. County staff presented this item to the Agricultural Advisory Committee (AAC). The AAC recommended that STRs be allowed, with regulation, as they could provide an additional revenue stream to support agriculture². The Agricultural Preserve Advisory Committee (APAC) recommended that agri-tourism lodging opportunities be allowed through a farmstay option.³ Sections 3.4 and 3.5 of this staff report

² County Planning Commission staff memo, dated February 24, 2016 (Attachment H).

³ County Planning Commission staff memo, dated February 24, 2016 (Attachment I).

(below) set forth additional responses to some of these concerns, particularly with regard to the additional uses of homestays and farmstays, and the possible creation of an overlay district in which STRs would be allowed. County staff will actively work with Coastal Commission staff to address any continuing concerns based upon direction from your Board regarding regulation of STRs.

2.0 Common Approaches for Regulating STRs.

A number of California jurisdictions are addressing the increased use of STRs and homestays through changes in ordinance regulations. Attachment 8 includes a table summarizing how other counties with similar attributes as the County of Santa Barbara and neighboring cities have addressed STRs and homestays. There is a wide range of approaches to the regulation of the use, including, outright prohibition, the allowance of only a homestay option, or allowing the use in only certain areas or zones. The counties and cities that do allow STRs or homestays in a permit or license approval process, with regulations (similar to the regulations shown in Attachment 8) or a business license approval process with the revenue or tax collector.

Incomplete info. Why does this report not include the obvious 4th option which is to allow and regulate STRs in ALL zones including Residential (which many Cities & Counties (including Goleta & Ventura) currently do)? This is clearly an example of "anti-STR" bias by County staff.

3.0 Permitting and Development Standards.

Below is a list of possible development standards that staff developed during the Planning Commissions' meetings for the use of STRs and/or homestays. In addition to the standards that are part of the proposed ordinance amendments presented on December 6, 2016, a supplemental application is proposed to be required with the permit application that includes submittal requirements. Verification and enforcement of these standards would be completed through the permit process, the supplemental application, and the condition compliance monitoring.

3.1 Ordinance Standards

STRs could be subject to new development standards to address safety and compatibility issues, including compliance with certain fire, building, and health codes in regards to smoke and carbon monoxide detectors and other safety measures; prohibitions on the use of certain structures as STRs; and limitations on the number of STRs allowed per lot. These development standards, although presented in the recommendation from the Planning Commission for use in the AG-II zone district, could be applied to other zone districts, upon direction, to address neighborhood compatibility issues (Attachment 9).

3.2 Supplemental Application

Cumbersome, expensive, and unnecessary

If STRs and/or homestays are allowed in any zones, staff recommends they be permitted through a Land Use Permit (LUP) or Coastal Development Permit (CDP). Staff has developed a supplemental application specifically for STRs in order to obtain additional information that is not currently requested in the LUP or CDP application. The supplemental application could require a copy of the STR owner's/operator's standard rental contract and floor plan of the STR (Attachment 10). It was requested at a previous hearing that staff review the possibility of including an insurance requirement. Planning and Development staff does not have the expertise to review insurance coverage/policies and therefore does not recommend including this provision in the STR supplemental application.

3.3 Additional Permit Review

Cumbersome, expensive, and unnecessary

In addition to complying with ordinance requirements and supplemental application standards,

the APAC would be required to review any application for a STR on a lot that is subject to an agricultural preserve contract to determine if the use is a compatible use with the Santa Barbara County Uniform Rules for Agricultural Preserves and Farmland Security Zones (Uniform Rules).

3.4 Possible Permit Path for Homestays and Farmstays.

The Board could also pursue the option of permitting homestays and/or farmstays, either as the sole type of permissible STR or in addition to other types of STRs, as discussed below.

Homestays

The proposed general definition of a “homestay” used by staff in the development of the STR Ordinance is “[a] residential unit rented for 30 consecutive days or less where the owner or long-term tenant of the property inhabits a legal dwelling on the same parcel at the same time as the transient occupant.”⁴ The justification for allowing homestays is that if the owner or long-term tenant of the property is present at the same time as the transient, then the owner or long-term tenant would be the first to experience a nuisance issue and would be quick to respond. In addition, a review of hosting platforms indicated that the number of transients is almost always less for homestays (which are normally capped at two people), as compared to STRs in which the owner or long-term tenant is not present and the entire dwelling is rented (which in many cases can accommodate six or more people).

Typically, in other jurisdictions, the permit regulations for a homestay are less restrictive than the permit regulations for other types of STRs, if both are allowed. LUPs and CDPs are the simplest types of entitlements to allow homestays, which could also have conditions of approval that staff could enforce. Furthermore, staff could verify that the homeowner or long-term tenant of the dwelling lives in the homestay through the application process.

Farmstays

The Gaviota Coast Plan adopted in 2016 allowed farmstays with a LUP or CDP on properties with an Agriculture II (AG-II) zoning designation (Attachment 11). A “farmstay” is defined as “[a] type of working farm...that is partially oriented towards visitors...by providing guest accommodations. Such an operation may include interactive activities where guests participate in basic...ranch operations such as collecting eggs and feeding animals...”⁵ These provisions for the use of a farmstay currently do not apply to properties in the Coastal Zone, and are pending Coastal Commission certification; however, these provisions currently apply to the Inland area of the Gaviota Coast. Farmstays could be allowed with a LUP or CDP in other agricultural zones located outside of the area that is subject to the Gaviota Coast Plan in addition to, or in place of, STRs.

3.5 Creating a STR Overlay.

The Board also requested that staff review the possibility of creating a zoning overlay to limit the geographic areas in which STRs would be allowed. Zoning overlays have been used in other areas of the County where unique characteristics distinguish the areas from other areas of the County that have the same base zoning designation, yet warrant specific, additional regulations that would apply to development within the areas.

Using an overlay as a zoning tool to regulate STRs would be challenging. Specific criteria and

⁴ County Planning Commission, Short-term Rental Ordinance Briefing, November 4, 2015

⁵ Land Use and Development Code, Article 35.11 - Glossary

defined geographic boundaries would need to be established which uniquely distinguishes, for example, residential neighborhoods in the Los Olivos and Eastern Goleta Valley from other areas which are zoned similarly. One possible approach is to apply the overlay to neighborhoods which have “historically” been used for vacation rentals and transient lodging use. There are several small beach enclaves (e.g., Miramar Beach) which could potentially meet this criterion. Staff suggests that if the Board wants to pursue this option, “historically” could be defined as neighborhoods which have regularly been used for vacation rentals, going back several decades, and prior to the emergence of popular internet vacation rental platforms.

4.0 Enforcement.

The Planning and Development Department’s current approach to zoning enforcement is generally reactive, in response to reported complaints. The enforcement program is funded and staffed to support this approach.

Enforcement of an STR ordinance could take a variety of approaches:

- Complaint-driven, as with the current zoning enforcement program;
- Added public outreach and education;
- Some proactive enforcement, such as reviewing hosting platforms/spot checking compliance with the ordinance; and
- Actively enforcing the ordinance.

The need for effective enforcement was a consistent theme that participants expressed during the processing of the Planning Commissions’ recommended STR ordinance amendments and at the December 6, 2016, Board hearing. Enforcement will be challenging, similar to other uses that do not require the construction of a new structure (e.g., special events, or animal keeping), and any enhanced enforcement efforts would have budget and staffing implications. Staff will present enforcement options to the Board for consideration, after the Board provides direction regarding the regulatory approach that the Board would like to take with regard to STRs.

The Treasurer-Tax Collector has been actively collecting TOT on STRs by sending out enforcement letters to owners that Treasurer-Tax Collector staff finds by reviewing web platforms since 2008. The enforcement duties of the Treasurer-Tax Collector’s staff include:

- Internet searches;
- Sending introduction packets to potential rental owners;
- Correcting mistakes on monthly returns;
- Sending a letter to vacation rental owners if monthly information is not received;
- Calculating penalties; and
- Sending letters regarding penalties on either late or incorrect submittals.

Zoning enforcement staff could also work with the Treasurer-Tax Collector’s staff to gather data on the enforcement of an STR ordinance.

Fiscal Analysis:

The Board initially approved the staffing and budget allocations for the STRs ordinance project as part of the Board’s adoption of the Long Range Planning Division FY 2015-2016 work program. Total project costs in FY 2015-2016 were \$64,328.

Current fiscal year staff salaries and other costs associated with the STRs ordinance project are budgeted in the Planning and Development Department Long Range Planning Budget Program on page D-295 of the FY 2016-2017 operating budget. FY 2016-2017 project costs as of the June 6, 2017, Board hearing are anticipated to be approximately \$70,000.

Staff included resources in the FY 2017-2018 work plan to complete remaining tasks on this project. If the Board adopts any STR Ordinances in 2017, the adoption of a STR ordinance in the coastal zone will require staff resources to facilitate the Coastal Commission's certification of amendments to the Local Coastal Program to include the STR ordinance. If the Board's direction will result in a greater work effort than is currently envisioned and budgeted for this project, including possible additional enforcement efforts, staff will be requesting reallocation of existing resources or additional resources to complete this project.

There are no facilities impacts. Implementation of the ordinances will occur primarily through the development review process (i.e., zoning requirements and development standards applied to new LUPs and CDPs). Fiscal impacts, including enforcement measures, will be evaluated after direction from the Board.

Special Instructions:

Planning and Development Department staff will fulfill noticing requirements. The Clerk of the Board shall provide a copy of the Board Minute Order(s) to the Planning and Development Department, Attn.: David Villalobos.

Attachments:

1. Link to Previous Board of Supervisors Board Letter, December 6, 2016
2. Transient Occupancy Tax, Application for Certificate Registration
3. Location of Properties for Which TOT Certificates Were Issued in FY 2015-2016
4. Coastal Commission Staff Letter, November 30, 2016
5. Short Term Rental Rates in the Coastal Zone
6. Coastal Commission Chair Letter, December 6, 2016
7. Sample of Coastal Commission Actions on Short Term Rentals
8. How Other Jurisdictions Regulate the Use of Short Term Rentals
9. Development Standards
10. Short Term Rental Supplemental Application
11. Gaviota Coast Plan Farmstay Standards

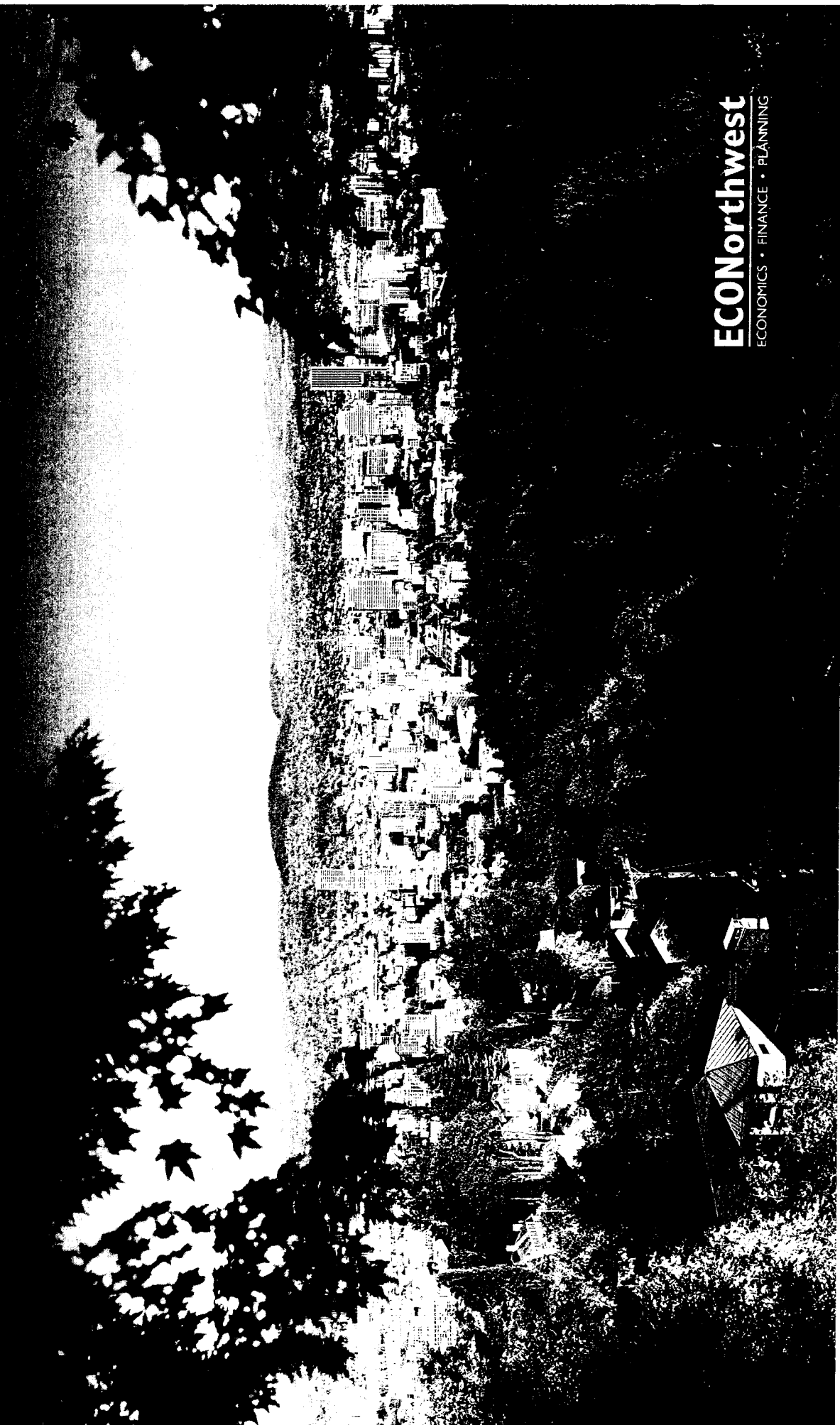
This is an incomplete and unprofessional study. Important fact-finding and report writing should be contracted to professional statistical analysis consultants. See ATTACHMENT 1.8 for an example of a professionally prepared report.

Authored by:

Jessica Metzger, Senior Planner, (805) 568-3532

Housing Affordability Impacts of Airbnb in Portland

Fall 2016



ECONorthwest
ECONOMICS • FINANCE • PLANNING

►► Disclaimer

For over 40 years, ECONorthwest has helped its clients make sound decisions based on rigorous economic, planning, and financial analysis. For more information about ECONorthwest: www.econw.com.

ECONorthwest staff members Mike Wilkerson, Lorelei Juntunen, Emily Picha, and Tina Morgan prepared this report for Airbnb in September 2016. ECONorthwest is responsible for the content of this report.

The staff at ECONorthwest prepared this report based on their general knowledge of economics and on information derived from government agencies, private statistical services, the reports of others, interviews of individuals, or other sources believed to be reliable. ECONorthwest has not independently verified the accuracy of all such information, and makes no representation regarding its accuracy or completeness.

Any statements nonfactual in nature constitute the authors' current opinions, which may change as more information becomes available. Two of the authors of this report have legal short-term rentals in the City of Portland within their primary residences.

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►► Acronyms and Definitions

Acronyms

HUD: United States Department of Housing and Urban Development

MFI: Median Family Income

ADU: Accessory Dwelling Unit

STR: Short-term Rental

SDC: Systems Development Charge

Definitions

Affordable Housing: Housing that is affordable to households making less than 80% of a region's Median Family Income.

Workforce Housing: Definitions vary, from rents that are affordable to households making 50% to 120% of MFI. In the Portland area, workforce housing is generally affordable to households making 80% to 120% of MFI.

Full-time Listing: Other analyses have used thresholds of 180 nights (49% occupancy) and 270 nights (74% occupancy) to define a threshold for when a unit is considered a full-time short-term rental listing.

Entire Home Listing: Airbnb hosts can select this option for their listing if the guest will have the entire space to themselves. This usually means that guests have a private entrance and bathroom, at a minimum.

Portland MSA: The Metropolitan Statistical Area comprised of Clackamas, Columbia, Multnomah, Washington, and Yamhill Counties in Oregon, and Clark and Skamania Counties in Washington.

► Summary

The interaction between short-term rentals and the availability of affordable housing units has been a focus of housing policy discussions across the United States. The fundamental question asked in these discussions is: “If short-term rental platforms like Airbnb did not exist, would the owners of those units instead rent those units to long-term renters at affordable rates? If so, how many units are actually lost to short-term rentals?” In Portland, several studies have explored this relationship. To add its data to the discussion, Airbnb asked ECONorthwest to analyze the most current Airbnb entire home listings to provide data and interpretation of the interaction between these listings and housing affordability in the City. Much of the debate in the media (and in Portland) has centered on estimating the number of entire housing units that are currently rented on Airbnb that would otherwise be available as long-term rental units. The loss of these units would reduce the supply of housing in the City. As economists, we recognize that any reduction in the supply of actual housing units must have an impact on housing prices in the market, yet we also recognize that the primary drivers of the housing market and pricing in the Portland region are demand for housing (which is outpacing the growth of the housing supply), zoned capacity for new development, the availability of land, and rising costs of construction. Any lost housing supply must be evaluated in that larger context.

Adding to the complexity of this debate is the fact that no data source, including Airbnb’s own data, allows us to precisely quantify the number of “lost” units. Airbnb data do help us to identify those hosts who rent their units on Airbnb infrequently, and infer that they are therefore not likely to rent their homes as full-time rental units if short-term rental platforms such as Airbnb were not available. This is the central focus of the calculations in this report (and most other similar reports as well).

The results of our analysis on the following pages show that Airbnb’s activities in Portland have minimal, if any, impact on the current affordability crisis. If all of Airbnb’s entire home unit hosts were to suddenly decide to stop renting on Airbnb, it would do very little, if anything, to affect the trends that are driving rising rents. We found that of the nearly 3,000 entire home listings on the Airbnb platform between August 2015 and July 2016, somewhere between **83 and 377 units (or, 0.03% of total housing stock in Portland)** would be considered full-time Airbnb rentals, based on common thresholds of over 270 nights rented and over 180 nights rented, respectively.¹ Airbnb finds that 60% of hosts use the supplemental income they earn from hosting to pay their mortgage or rent. Future analysis could explore the net impacts to the Portland market based on increased income security as a result of income generation from short-term rentals.

Even if all of those units were to be available for long-term rental, many of them would not rent at rates that are affordable to those making 60–80% of the region’s 2016 MFI for a family of two (\$35,220–\$46,950 per year).² Further, we find that but for City policy to waive Systems Development Charges and short-term rental income, many ADUS may not have been constructed. It is likely that units created for initial short-term rental use will convert to long-term use in the future, adding to total housing stock.

Airbnb’s previous analyses have pointed out the many ancillary benefits of their units for hosts and neighborhoods. These include creating extra income for hosts, supporting neighborhood vitality, and stimulating housing unit creation (in the form of ADUs). Policymakers should consider trade-offs between these benefits and a relatively small impact on overall affordability.

►► Summary of Key Findings

Based on Airbnb's data, entire home listings within the City of Portland make up a small portion of the City's total supply of housing units.

We estimate that there are 83 to 377 full-time entire home listings in Portland. Many units are not rented full-time, are in an owner-occupied space, are not a traditional housing unit, or all three, suggesting they would not be available on the market as full-time rental units. Airbnb booked "entire home" listings comprise a small fraction (1.1%) of Portland housing stock. Frequently-booked entire home listings represent at most 0.14% of Portland's housing units, meaning that these units have minimal, if any, impact on housing affordability in Portland. In addition, Airbnb finds that short-term rentals can have a stabilizing effect on households. Airbnb's survey data shows that 60% of hosts depend on supplemental income from Airbnb to make ends meet.

- 2,976 entire home listings exist within the City of Portland. If all entire home listings were counted as housing units, they would comprise 1.1% of all housing units in the City.³
- Nearly half (42%) of entire home listings were rented fewer than 30 nights in one year.
- 377 units (or 12.7% of entire home listings and 0.14% of Portland's housing stock) were rented for more than 180 nights.
- 83 units (2.8% of entire home listings and 0.03% of Portland's housing stock) were rented for more than 270 nights.

Market rents near most Airbnb listings indicate that they would not otherwise rent at affordable price points.

If these units were available to long-term renters, they would likely be rented at price points above traditional affordability thresholds. In addition, Airbnb provides an extra stream of income in these neighborhoods that increases housing security for hosts.

- 70% of listings are located in neighborhoods with average one-bedroom rents of \$1,000 or more, which are unaffordable to households making 80% of MFI or less.⁴

The ability to generate income through short-term rental can incent long-term housing unit creation.

The ability to recoup revenue on Airbnb appears to have incented the construction of ADUs, especially combined with city policies to reduce SDGs. Airbnb's analysis found that 20% of ADUs are rented over 180 nights per year. Many units created for initial short-term rental use will convert to long-term use, adding to total housing stock.

- 257 active Airbnb entire home listings are permitted ADUs.⁵
- 90% of Airbnb entire home units that are permitted ADUs were constructed since 2008, when Airbnb entered the Portland market, and were likely never continuously part of the long-term rental supply.
- 51 of those units (20%) were rented more than 180 nights per year.

Short-term rental units primarily function as part of the hospitality market, rather than the housing market.

Short-term rental units provide a diverse stock of lodging that meets unmet demand throughout the city, bringing new visitors into communities and supporting neighborhood business districts. The flexibility of this stock means that most hosts rent only sporadically during peak periods to provide "overflow" lodging capacity or alternate between short-term and monthly rentals. There are limits to the growth of the hospitality market.

- 59% of Airbnb listings had no hotels within a half-mile.
- 53% of listings active as of Jan 2015 were deactivated by September 2016, showing very high churn.

►► Notes on Data and Previous Studies

Data limitations presented several challenges to quantifying the impacts of short-term rentals on the housing market:

- There is no existing data source available to determine which short-term rental units would be counted as housing units in traditional data sources, or what the owner of the unit would do with the unit without Airbnb or similar short-term rental platforms. Airbnb conducts annual surveys of its hosts that include questions on these topics, but response rates are too low for analysis.
- The data presented in this report are for Airbnb’s listings alone. Many Portland hosts may “cross-list,” or list their homes across several platforms. Without comprehensive data across the most popular short-term rental platforms (including Homeaway), it is impossible to determine how often individual units are rented. However, according to Airbnb survey data, hosts report that over 90% of short-term rental income comes through the Airbnb platform.
- To protect user privacy, Airbnb could not legally provide geographically specific listing-level data to determine the revenue and hosting behavior in specific neighborhoods. Airbnb therefore ran queries of their dataset to allow ECONorthwest to complete some portions of the analysis, as noted in the text.

Related Studies

There are several studies that provide additional context on the economic implications of Airbnb in Portland that were not conducted in full by ECONorthwest.

The Impacts of Homesharing in Portland

Released in 2016, this report examines the impacts of Airbnb and its host community in Portland.¹¹ It includes findings related to the economy, tourism, neighborhoods, and residents. ECONorthwest provided economic impact analysis for this report, and found a \$128.5 million total economic impact related to Airbnb that supports 1,900 jobs as a result of Airbnb guest spending.

Airbnb Host Survey

Airbnb conducts annual surveys of its Portland hosts to explore behavior patterns and trends. The surveys have found Airbnb to be a powerful tool to boost incomes and provide supplemental income that allows hosts to afford their existing housing. Key findings from the 2016 survey include:

- 64% of hosts said that being able to rent out their home on Airbnb helped them to stay in their unit.
- 47% of hosts earn low to moderate income (having a household income of \$75,000 or less).
- 55% of hosts rely on Airbnb as supplementary income to make ends meet.
- Hosts spend an average of 32% of their income on housing costs, above the HUD guidelines.

▶▶ Airbnb's entire home listings within the City of Portland make up a small fraction of overall housing units.

As of August 2016, Airbnb has 2,976 "entire home listings" within the City of Portland. Airbnb defines "entire home listings" as a space where the guests will have the whole space to themselves. In other words, these listings are not all "housing units" that could be rented as long-term rental units. They include, for example, suites with a bathroom but no kitchen and remodeled basements with no separate entrances. Third-party analysis, using data scraped from the Airbnb site, tends to overestimate the number of entire home listings in the Portland market, using assumptions and methodologies that don't account for the nuances of host behavior and the types of listings.

We looked at the units that have been available on Airbnb's platform for at least one year (between August 2015 and July 2016).

We found a total of 83–377 entire home listings that were rented full-time, including basement suites and ADUs.

"Full-time" may be defined as:

- 83 listings rented for more than 270 nights from August 2015–July 2016 on Airbnb (2.8% of all listings), 0.03% of Portland's housing; or
- 377 listings rented for more than 180 nights from August 2015–July 2016 on Airbnb (12.7% of all listings), 0.14% of Portland's housing stock.

Many listings are not permanently on the short-term rental market. Of the active listings in January 2015, **only 53% were still active** in September 2016. This high churn rate suggests that Airbnb is a temporary option for many hosts, who later use their space in other ways.

Of these units, just 83–377 units (or 0.03% of the housing stock) are "home" listings that might otherwise be on the market.

Airbnb's 2,976 entire home units represent 1.1% of Portland's total housing units.

Total Housing Units in the City of Portland

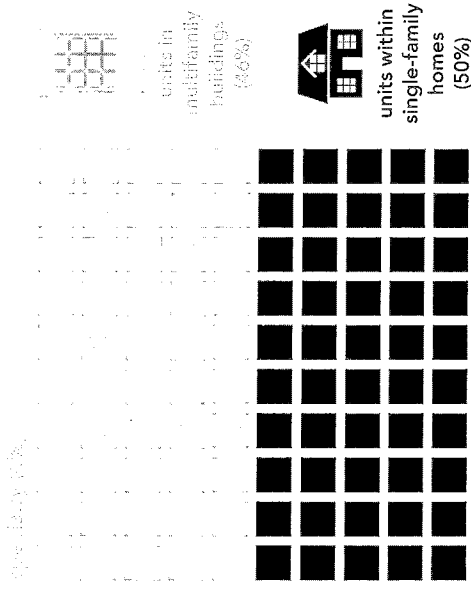
Source: Airbnb data on entire home listings active between August 2015 and July 2016 and rented for at least 180 or at least 270 nights, American Community Survey, 2015 one-year estimate, Table B25001.

▶▶ Airbnb's entire home listings are not necessarily housing units.

Because Airbnb hosts self-categorize their listings, the definition of "entire home" does not always correspond with how traditional data sources categorize housing units. There are instances where units identified as an entire home on Airbnb are not equivalent to a home that could otherwise be available to long-term tenants. This is particularly likely for units rented in single-family homes. These include private suites and converted basements and attics in single-family homes that would not be available on the long-term rental market, with or without Airbnb. Some portion of the 83–377 units fall into this category.

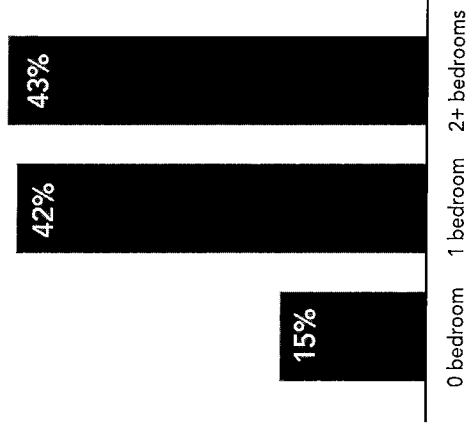
The charts at right show that about half of entire home units on Airbnb are located within single-family homes, which can include basement units or detached ADUs, and that more than half have one bedroom or fewer. While the data do not allow us to measure all unit characteristics, some of them are almost certainly not traditional housing units.

Unit Types



Source: Airbnb data on entire home listings active between August 2015 and July 2016.

Percent of Entire Home Listings by Bedroom Count



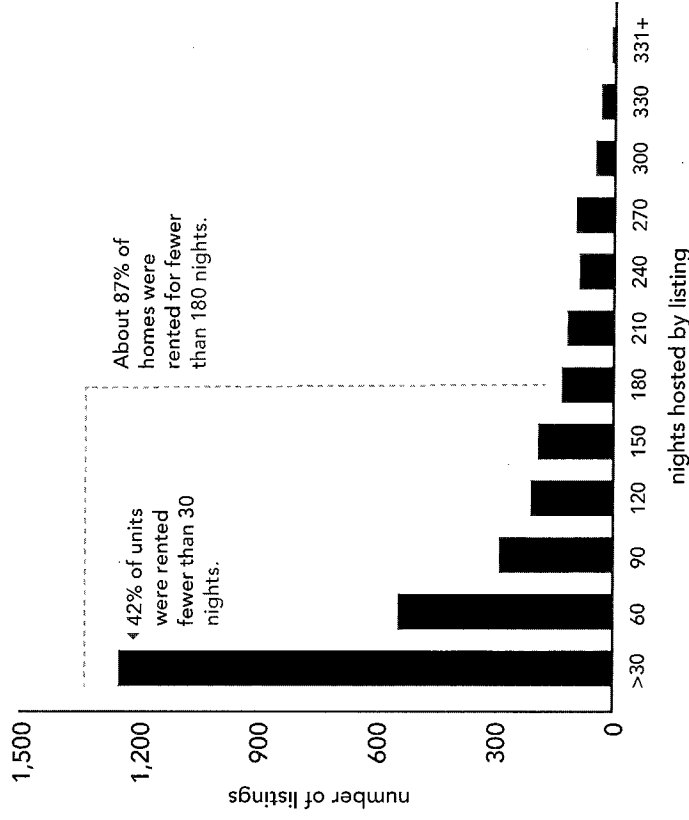
Source: Airbnb data on entire home listings active between August 2015 and July 2016.

►► Most hosts rent out units infrequently.

Portland's Airbnb hosts' rental behavior patterns vary widely. Hosts make trade-offs between flexibility to use their space and income generated on the Airbnb platform. There are a number of reasons why these units may not be rented frequently or included as a unit on the long-term rental market:

- **The unit is the host's primary residence that they rent out when they are on vacation, working away from home, or staying with a significant other.** Many of these hosts deactivate their listing except for a few nights of the year. Half of all listings that were active at some point during the last year initiated at least one deactivation. On average, listings are active about 70% of the time, and deactivated for about 30% of the time. Airbnb's survey data shows that 89% of entire home listings are either a host's primary residence or space within a primary residence.*
- **The host wants the flexibility to be able to use the space for visiting friends and family.**
- **The unit is not permitted for permanent occupancy, such as a basement suite that is permitted as additional living space instead of a separate ADU.** Forty-two percent of units that were on Airbnb from August 2015 to July 2016 were rented fewer than 30 nights. About 87% of homes were listed for fewer than 180 nights.
- **The majority of entire home Airbnb hosts earn less from renting their units as short-term rentals than they would from long-term rentals.** This pattern indicates those entire home listings are likely primary homes being rented while the residents are traveling and/or while hosts are not otherwise using the space.

Nights Hosted: Hosts on Airbnb, August 2015–July 2016



Source: Airbnb data on entire home listings active between August 2015 and July 2016.

*2016 Airbnb Host Survey Data, N=152.

▶▶ Short-term rental units play an important role in the hospitality industry.

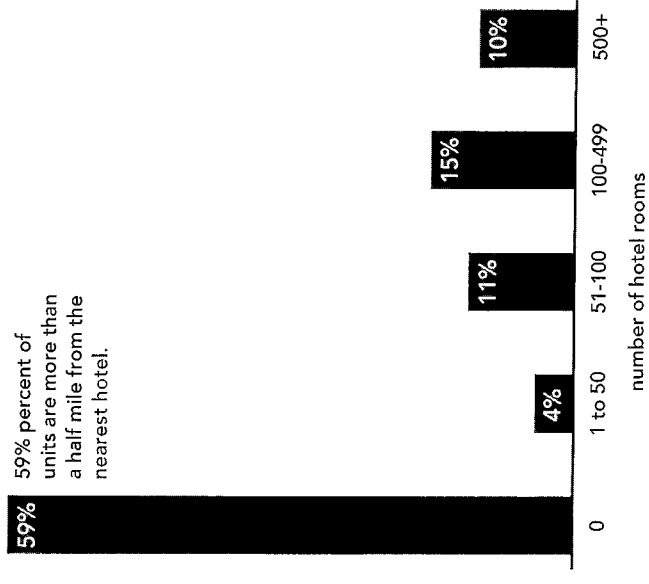
Short-term rentals are a critical component of the local hospitality industry and have existed for longer than Web-based platforms like Airbnb through executive rental services, Craigslist, and other services. Short-term rentals fill a niche for people looking for specialty housing, including business travelers, families, gap housing between long-term rentals, and relatives visiting family members and looking for nearby (neighborhood-based) lodging.

Key market segments include:

- **Peak period visitors:** The shortage of hotel rooms in Portland during peak periods means that short-term rentals help to accommodate visitors and fuel the local economy.
- **Business travelers:** Professionals who need to be close to their place of work.
- **People who need alternative arrangements.** Short-term rentals fill a niche for visitors needing special accommodations, such as hosting a large family, allowing pets, or providing a kitchen space. Airbnb hosts also initiate rentals of at least 30 nights via the site. These month or multimonth rentals are an important part of the housing market (in addition to short-term rentals and lease agreements).

Many visitors to Portland want to stay outside of the Central City, where the market fundamentals are often not strong enough to support the development of a hotel. Short-term rentals offer a geographically dispersed option for visitors. Were these units not available, there would be increased demand for hotel rooms, and fewer travelers staying and shopping in neighborhood centers. There is even some anecdotal evidence that the availability of these units induces travel demand: some guests might not travel to Portland at all without diverse rental opportunities.

Percent of Listings by Number of Hotel Rooms Within a Half Mile



Source: Airbnb data on entire home listings active between August 2015 and July 2016 and Smith Travel Research from August 2016.

Short-term rentals offer a geographically dispersed option for visitors. Were these units not available, there would be increased demand for hotel rooms, and fewer travelers staying and shopping in neighborhood centers.

Hotel developments compete for the same scarce urban land as multifamily housing. As such, overregulating short-term rentals would not address unaccommodated travel demand and could adversely impact future housing stock.

▶▶ The majority of Airbnb listings would not otherwise be affordable housing units.

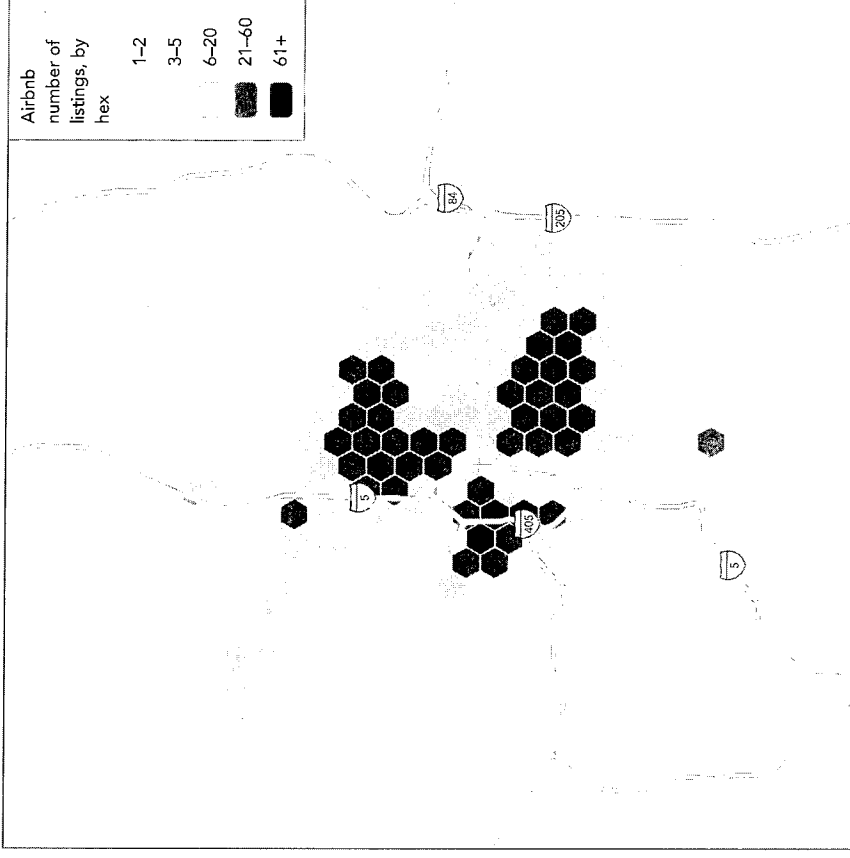
Many Airbnb listings are located where rents are relatively high, including many inner-ring neighborhoods like inner Southeast Portland and inner Northeast Portland. This implies that if some portion of these units were offered as long-term units, they would still be at the higher end of the rent spectrum.

Citywide, 70% of units are located in areas where average rents* are above \$1,000 per unit.⁴ At this rental rate, only families making at least 80% of the MFI would be able to afford a one-bedroom apartment. These units provide workforce housing, rather than affordable housing. In these areas, Airbnb increases density and brings visitors to these high-demand neighborhoods.

Approximately 30% of entire home listings are located in neighborhoods where rents might be affordable to people making less than 80% MFI. It is unclear what portion of these units are actually rentable as long-term units, and are owned by hosts who would instead put them on the long-term market.

Airbnb listings are generally concentrated within five miles of downtown Portland. The map at right shows the density of Airbnb listings within quarter-mile hexagonal geographies.

Density of Airbnb Listings in the City of Portland

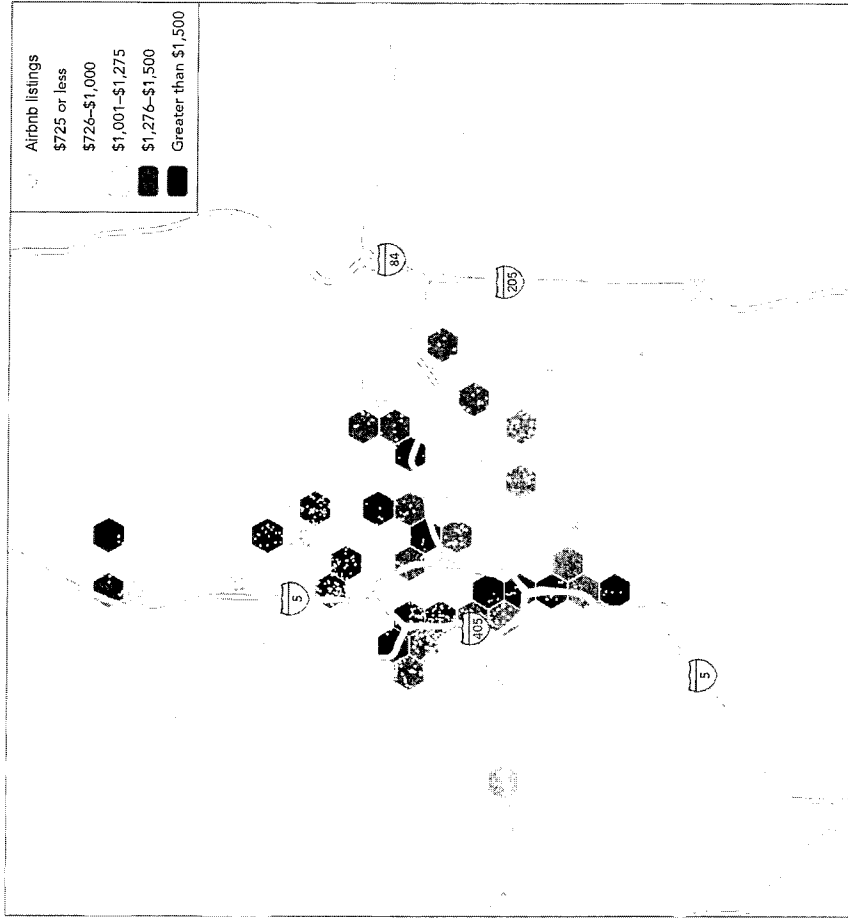


Source: Airbnb data on entire home listings active between August 2015 and July 2016.

*CoStar data for average 1-Bedroom Asking Rents, August 2016.

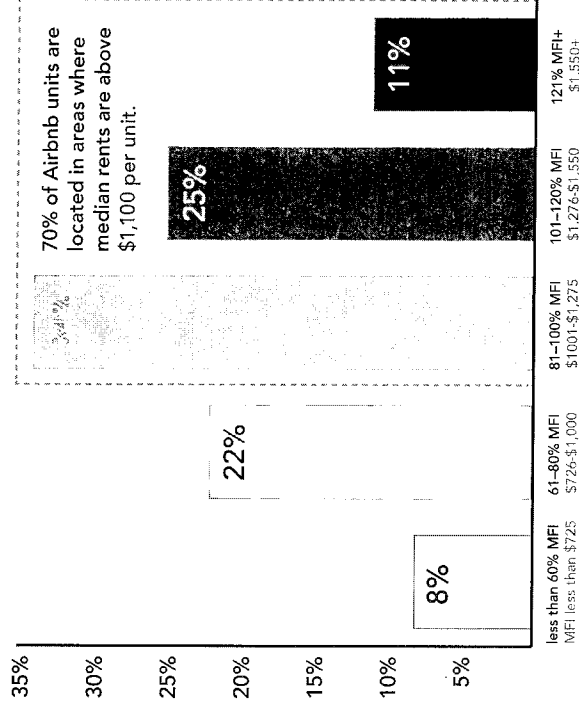
►► The majority of Airbnb listings would not otherwise be affordable housing units.

Average Apartment Rents (all units) and Density of Airbnb Listings, All Units



Source: ECONorthwest using Airbnb listing data and CoStar data from August 2016 for all units within aggregated hexagonal geographies across Portland. CoStar was selected as a data source because it provides data regarding the greatest number of buildings to allow for a city-wide analysis. CoStar does not capture rent from units in single-family homes.

Percent of Airbnb Listings by Average Long-Term Rents (One-Bedroom Units) by Neighborhood



share of listings by neighborhood income

Source: ECONorthwest, using Airbnb listing data and CoStar asking rents for one-bedroom apartments in buildings with ten units or more from August 2016 for all units within aggregated hexagonal geographies across Portland. CoStar was selected as a data source because it provides data regarding the greatest number of buildings to allow for a city-wide analysis. CoStar does not capture rent from units in single-family homes.

How affordable rents are calculated:

$$\begin{aligned}
 & \$73,300, 2016 \text{ MFI for a family of four} \\
 & \times \\
 & 30\%: \text{Share of income a family at 100\% MFI can pay for rent} \\
 & \times \\
 & 75\%: \text{HUD allowance for a one-bedroom apartment, with utilities} \\
 & \quad \$100 \text{ utility allowance} \\
 & \quad \text{12 months}
 \end{aligned}$$

Source: <https://www.portlandoregon.gov/phb/article/6522288>

Affordable one-bedroom apartment at 100% MFI: \$1,274
 Other affordability thresholds for a one-bedroom apartment:
 ■ At 120% MFI: \$1,549
 ■ At 80% MFI: \$1,000
 ■ At 60% MFI: \$825

▶▶ Short-term rental income can incent long-term housing creation.

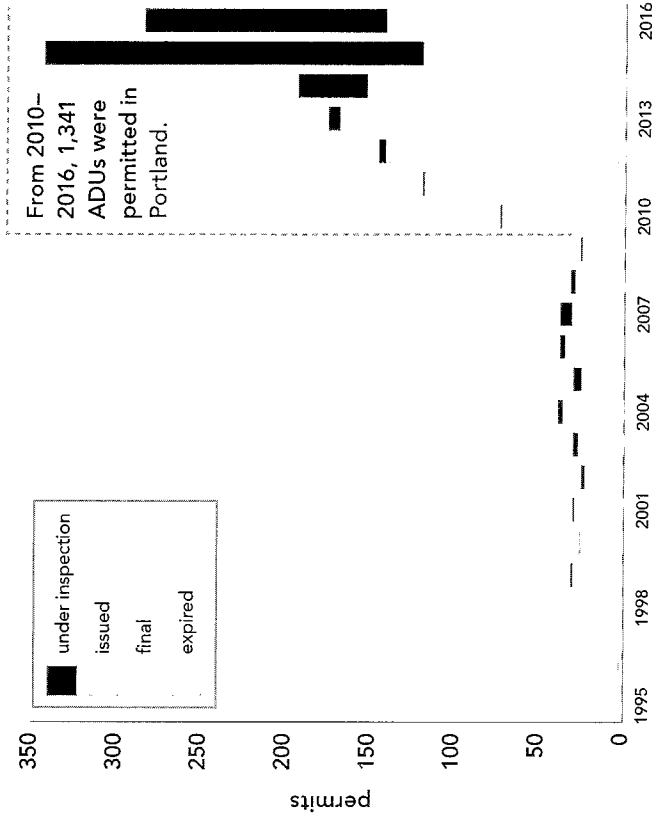
Portland has seen a rapid growth in the construction of ADUs since 2010 when the City of Portland waived SDCs in a policy decision to promote infill development. Some hosts on the Airbnb platform may have created units with the intent to recoup their initial investment in building the unit by renting it on short-term rental platforms like Airbnb. Airbnb completed a comparison of entire home listing addresses with building permit locations for new legally-permitted ADUs in Portland. Airbnb found that there are currently 257 active Airbnb entire home listings that are permitted ADUs. Fifty-one of those units (20%) were rented more than 180 nights per year.⁵

Airbnb found that 90% of entire home units that are permitted ADUs were constructed since 2008. Some of these units were likely never continuously part of the long-term rental supply.

While we do not know for certain what motivated those property owners to invest in creating a new ADU, given the timing of the investment and their choice to rent them on Airbnb, it seems reasonable to assume that some combination of reduced SDC fees and potential income from Airbnb incented their development.

A 2014 Oregon Department of Environmental Quality survey found that 80% of ADUs are used as long-term housing.⁷ Given overall trends for Airbnb, it is likely that many units created for the initial use on the site will likely convert to long-term units in the future, and that but for revenue recoupment on Airbnb, many of these units may not have been constructed. This flexibility is one of the most attractive reasons for homeowners to invest in an ADU and to add to the City's eventual long-term housing stock.

ADU Permits by Status, 1995–2016, City of Portland



Source: City of Portland Open GIS. Permits that are issued, under inspection, and finalized are included. Permits that are still under review are not. This explains fewer permits shown for 2015. SDCs have been waived for new ADUs since 2010.

►► Drivers of the Regional Housing Market

The primary drivers of the housing market and pricing in the Portland region are demand for housing (which is outpacing the growth of the housing supply), zoned capacity for new development, the availability of land, and rising costs of construction. Given these larger dynamics and the scale of Airbnb's impact on available supply, we see little evidence that Airbnb is a meaningful driver of Portland's affordable housing problem. We summarize the factors that drive the housing market below.

Demand	Supply
<ul style="list-style-type: none"> ■ The Portland MSA population has grown by 7% since 2010, faster than the U.S. growth rate of 4%. Since 2010, 164,000 people have moved to the Portland MSA. Of those, 30% (48,500) moved to the City of Portland.* ■ Many new residents are high-wage earners (mainly in high tech). Of the new jobs created in Portland between 2010 and 2014, 30,000 jobs had a salary of \$100,000 or more.^e While many new residents rented some of the newer luxury apartments in the Central City, they also displaced long-term residents who were unable to keep up with rents. ■ Rents have increased quickly as a result of this population increase. The average monthly rent for a one-bedroom apartment in the City of Portland as of September 2016 was \$1,250 (an increase of 58% since 2010).^f To afford that, a renter household would need to earn 92% percent of regional MFI. ■ Overall household sizes have increased, as a result of increased housing prices and a lack of supply. Since 2010, the Portland MSA's average household size increased from 2.57 to 2.65. 	<ul style="list-style-type: none"> ■ The Portland region did not build enough units during the recession to account for population growth. The Oregon Office of Economic Analysis reported in 2015 that the Portland MSA underbuilt by 23,000 units from 2006 to 2015.¹⁰ Undersupply is a major driver of price increases. ■ Construction costs and fees have made development more expensive. Construction costs for apartment building types have risen since 2010. This is due to increased labor prices, materials costs, and permit costs. ■ Regulations (Permits and Fees) also impact development costs. Increased development standards, systems development charges, and fees all increase the cost of development and can hinder the development of new housing in some cases.

*U.S. Census 2010 and American Community Survey 2015 1-year estimates for the Portland MSA and the City of Portland.

► Implications for Affordability

The results of our analysis show that Airbnb's activities in Portland do little to worsen our current affordability crisis. If all of Airbnb's entire home unit hosts were to suddenly decide to stop renting on Airbnb, it would do very little, if anything, to affect the trends that are driving rising rents. This analysis, together with other analyses conducted by Airbnb, does point to ways in which Airbnb relates to long-term affordability goals:

Lodging tax revenues can help to fund affordable housing. In November 2015, the City Council approved shifting the short-term rental portion of transient lodging tax resources from the General Fund to the Housing Investment Fund. This transfer will receive an annual cost of living adjustment, and is limited to 0–60% MFI housing purposes. The FY 2016–17 budget reflects the securitization of this revenue stream (approximately \$14 million) for the purpose of acquiring property for use in building affordable housing at 0–60% MFI levels, primarily outside of urban renewal areas.¹¹

Short-term rentals provide income and housing security to many hosts. In some cases, the ability to rent on Airbnb can provide the economic stability for people to stay in their homes. Based on Airbnb survey data, 55% of Airbnb hosts indicated that they relied on Airbnb income to make ends meet while 7% of hosts earned money through Airbnb as their primary income.¹²

Portland's neighborhood business districts benefit from the spending from short-term rental guests. Airbnb's research has found that guests in Portland tend to spend more and stay longer than hotel guests.¹³

Housing market dynamics are more complex than Airbnb.

Airbnb has only minimal impact on the housing market, given its complexity and scale. Policies with the biggest impact will include tenant protections, land banking, the proposed housing bond, and inclusionary zoning.

Short-term rental units can help to spur the creation of infill development. Initial Airbnb analysis shows a tangible investment effect due to homeowners' ability to rent ADUs as short-term rentals. This can translate into long-term housing unit creation as homeowners make back their initial investment and transition the unit to other uses.

This analysis was completed at a point in time. If Airbnb's activities were to grow significantly, the supply-side impacts could become more substantial. It is worth watching these trends. However, there are natural limits to the size of the hospitality market that will probably always keep short-term rental units a relatively small portion of the overall housing supply. Policymakers should consider trade-offs between the benefits of short-term rentals and a relatively small impact on overall affordability.

►► Endnotes

1. A commonly used threshold assumption for determining whether a unit as a full-time short-term rental unit. This is explored in more detail in the main body of this report.
2. "2016 HUD Median Family Income and Rent," City of Portland, <https://www.portlandoregon.gov/phb/article/572034>.
3. The City of Portland had 274,917 housing units in 2015, according to the Census American Community Survey 2015 one-year estimates, which was the most recent housing unit estimate available as of August 2016.
4. This is based on the maximum rent and utilities amount affordable to a household making 80% of the MFI for a one-bedroom unit, per HUD's 2016 guidelines for the City of Portland.
5. This includes current active entire home listings. For the Accessory Dwelling Unit data, Airbnb used City of Portland Open GIS data for permits that have created one or more new residential units from January 1995 to May 2016. These data are derived from the Bureau of Development Services permitting database (TRACS). Geocoded to taxlot centroids or street address when taxlot information is not accurate or available. The data can be found at <http://gis.pdx.opendata.arcgis.com/>.
6. "Airbnb Community Gives a Boost to the Portland Economy," Airbnb.com, September 6, 2016, <https://www.airbnbaction.com/airbnb-community-gives-a-boost-to-the-portland-economy/>.
7. Palmeri, Jordan, "Accessory Dwelling Units in Portland, Oregon," (2014) Oregon Department of Environmental Quality, <http://www.deq.state.or.us/lq/sw/docs/SpaceEfficient/adusurveyinterpret.pdf>.
8. Baker, Dean, "Economist sees positive Portland job growth, not so much for nearby areas," Portland Tribune, January 19, 2016, <http://portlandtribune.com/pt/9-news/289434-166077-economist-sees-positive-portland-job-growth-not-so-much-for-nearby-areas>.
9. CoStar data for apartments within the City of Portland, December 2010 to December 2015. Buildings with 10 units or more.
10. Lehner, Josh, "Portland housing update – Are things okay?" *Oregon Economic Analysis Blog*, March 23, 2015, <https://oregoneconomicanalysis.com/2015/03/23/portland-housing-update-are-things-ok/>.
11. "City of Portland Adopted FY 2016-2017 Budget," City of Portland, Page 369, <https://www.portlandoregon.gov/cbo/article/583311>
12. Airbnb host survey data of 142 Portland hosts from 2016.
13. "Airbnb Community Gives a Boost to the Portland Economy," Airbnb.com, September 6, 2016, <https://www.airbnbaction.com/airbnb-community-gives-a-boost-to-the-portland-economy/>.

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Short-Term Rentals and Impact on the Apartment Market

October 2013

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Short-Term Rentals and Impact on the Apartment Market

The utilization of short-term rentals is increasing, coinciding with improved economic and apartment market conditions across the country, and prompting concerns about potential implications for local housing markets. Rosen Consulting Group (RCG) examined the short-term rental marketplace and analyzed the New York City region as a representative case study. We found that the New York apartment market, like many cities across the country, is in the midst of a strong growth cycle driven by economic and demographic factors. The rental housing market in global gateway cities such as New York benefits from a consistent level of tenant demand created by the diverse local economies as well as a relatively larger share of the population that rents rather than owns because of the high cost of housing. Other constraints, such as land use policy, can curtail residential development, which also contributes to a higher cost of housing in urban areas. Furthermore, the relatively small number of short-term rentals as a share of the local housing market minimizes any potential impact. We believe that the short-term rental industry is having little effect on urban apartment markets.

Short-Term Rentals Marketplace

Short-term rentals provide an alternative to hotels, hostels or staying with friends or relatives for temporary visitors. Each of these types of stays offer different amenities and varying pricing. Hostels are inexpensive and provide the basic necessities to travelers. Hotels and bed-and-breakfasts rent on a nightly basis and provide some basic provisions, including a private room. Corporate housing is a viable option for business travelers that may need a furnished place to stay for several weeks or months.

A short-term rental can last a single night, a week, or even several months, although the majority of short-term rentals last less than 30 days.

- Short-term rentals typically involve a person utilizing their primary residence as a place to stay for a single guest or group.
- Hotels, bed-and-breakfasts and corporate housing differ from short-term rentals in that these properties rent rooms or units as an established commercial business and generate a higher volume of stays. Hotels and other lodging establishments generally offer nightly or weekly stays while corporate housing is typically utilized for stays of a few weeks or greater than 30 days and often requires the occupant to sign a lease.
- The short-term rental operators can be property owners or renters, looking to supplement income by renting excess space in their primary residence. An operator may rent out a couch, extra room, or the entire unit while out of town. The operator often remains in the unit during the stay, sometimes offering meals, refreshments, or guidance for local activities and attractions. This social interaction can be an important factor in the decision to host or reserve a short-term rental.
- Travelers often choose the short-term rental because they are provided a different experience than a hotel would offer. Hotels tend to be located in commercial or tourist-oriented neighborhoods that could be viewed as misrepresenting the “feel” of a city. Short-term rentals provide the opportunity to stay in residential neighborhoods or more off-beat areas that provide travelers with the chance to live like a local for a few days. This immersion experience of living under the roof of an operator provides the opportunity to gain local insight into a neighborhood.

A formal and informal short-term rental marketplace has existed for some time. Temporary housing provided by individuals was very common prior to the transformation of the hotel and motel industry during the post-war era and development of the interstate highway system. Advertising and methods for providers and renters to connect have also existed for many years and are now evolving as technology utilization increases.

- A friend or relative invited to stay in a person’s extra room or sleep on a couch is an example of an informal short-term rental. This type of stay may also arise from casual conversation or a recommendation from a friend or acquaintance.
- Bulletin board postings in common areas such as cafeterias, student centers, and coffee shops are typical informal methods for operators to attract renters to short-term rentals, and vice versa.
- Advertising in newspapers or other publications was the traditional method to find temporary housing. Online platforms such as Craigslist have generally replaced printed classified ads.
- Several online marketplaces were developed in recent years, offering slightly different services such as facilitating the entire transaction. Some of these platforms include Airbnb, Roomorama, CouchSurfing International, Wimdu International, and 9flats.
- These online marketplaces have driven significant growth in short-term rental opportunities and helped parties to connect more efficiently. While these firms are contributing to the increased popularity of short-term rentals and peer-to-peer marketplaces, they did not create the short-term rental marketplace.

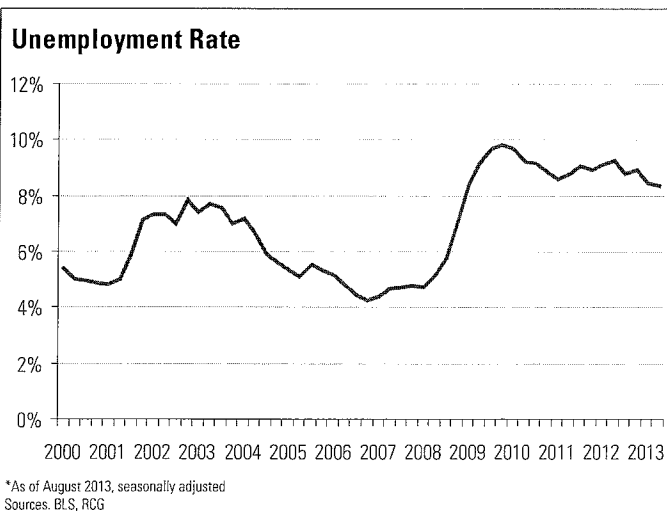
Case Study: New York City

Apartment Market Drivers

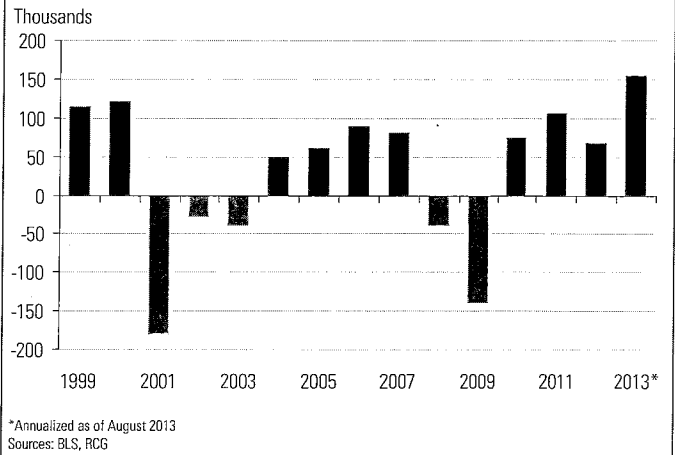
The New York apartment market is driven by the largest population base and regional economy in the country. As an international hub for finance, media and culture, the region creates jobs and attracts new residents from around the globe. The economic recovery, combined with the large demographic wave of younger adults, drove much of the recent improvement in the housing market. By August, the unemployment rate in the New York region reached 8.3%, approximately one percentage point lower than a year ago. From 2010 to mid-2013, more than 350,000 new jobs were created in the New York metro area, providing income for many new renters in the region and driving unbundling of some shared living arrangements.

- Although the current economic recovery is far from robust, job creation is occurring throughout a broad range of industries.
- The professional and business services sector accelerated rapidly during the past three and a half years: nearly 97,000 jobs were created in the sector, including many technology positions.
- Stronger spending by residents and growing tourism activity fueled the creation of nearly 150,000 jobs in the trade and leisure and hospitality sectors.
- The educational and health services sector added jobs for much of the last decade and hiring accelerated in recent months. Since 2010, nearly 95,000 employees were hired in the sector.

The moderate pace of job creation is attracting new residents to New York and allowing some individuals to move out of shared arrangements and start their own households. In 2012 alone, the number of households in New York City increased by approximately 62,500, according to the Census Bureau.



Net Change in Jobs - New York



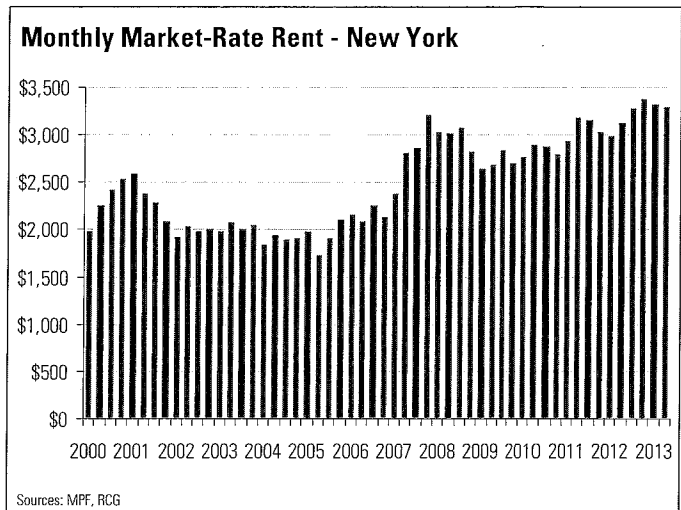
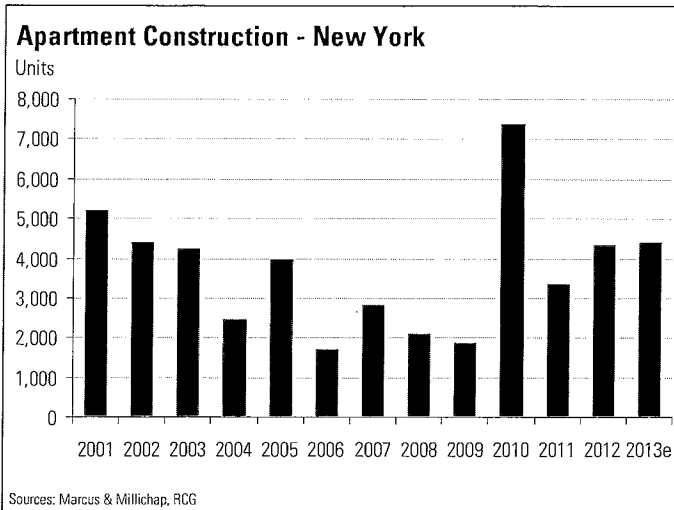
Job prospects, amenities and lifestyle attract a large number of echo boomers to New York. These younger adults are entering the workforce and establishing households for the first time. This trend is heightened in New York because of the larger concentration of younger residents. In New York City, the population aged 18 to 34 years-old accounted for nearly 28% of residents, or approximately 2.3 million, according to the American Community Survey. This segment of the population is considered the prime renter-age range and contributes to the strong demand for rental housing.

Housing costs in the region are high and, when combined with the limited mortgage availability, caused more households to rent than just a few years ago. The share of the population that rents in New York has trended higher since 2004. In the New York metro area, approximately half of all households are renters, a much higher share than the 35% national rentership rate.

- The rise in personal debt loads, which includes student loans, causes many households to remain renters for longer periods. With the cost of homeownership already high in the New York region, the additional debt carried by some households makes ownership unattainable in the near term.

Rental apartments are highly sought after in New York, particularly in the well-located submarkets. A global demand base and low levels of supply for affordable and market-rate housing cause perennially-tight market conditions.

The New York housing market is chronically undersupplied as a result of high development costs, scarcity of land and other barriers to development. In recent years, the surging apartment demand led to an increase in apartment development activity. Despite this increase, construction is insufficient to allow for absorption of pent-up demand for housing. From 2006 to 2009, just 8,500 market-rate apartment units were built in New York, just 0.4% of the existing apartment stock. In the last three years, apartment development accelerated to a total of 15,000 units, a level still insufficient to meet demand.



The combination of little new supply and surging demand for rental housing during the past several years is the primary driver behind the current apartment market conditions. The vacancy rate for market-rate apartments fell to 2.2% in mid-2013. The vacancy rate was less than half of the level as recently as 2009. The city-wide rental vacancy rate, including market-rate and rent-stabilized units, remained low at just 3.1% in 2011, the latest data available, according to the New York City Department of Housing Preservation and Development and the Census Bureau.

With few apartments vacant, monthly rents surged in recent quarters. New York City already had the highest apartment rents in the country and monthly rents increased even further. Through mid-2013, the average monthly rent for market-rate apartments was nearly \$3,300, according to MPF Research. While heightened competition for apartments caused rents to surge, the pace of growth abated somewhat in recent months as rents approached affordability constraints in many neighborhoods.

The apartment market is primarily driven by demographic trends and economic conditions. In the past few years in New York City,

the moderate pace of job creation combined with a large wave of younger adults drove the apartment market to the tightest conditions in recent years. With new supply of housing units unable to keep pace with accelerating demand, traditional supply/demand fundamentals are the driving force behind the extremely tight rental housing market in New York City.

Can Short-Term Rentals Affect the Housing Market?

The impact of short-term rentals on supply/demand forces in urban housing markets are minimal, but admittedly difficult to quantify. RCG believes that the New York housing market is driven by local economic fundamentals, including job creation and demographic trends. The moderate pace of hiring in the region combined with a large demographic wave of young adults within the prime renter-age cohort provided a strong level of housing demand. With short-term rentals in particular, while the number of listings increased substantially in recent months, the number of housing units relative to the overall size of the residential stock is too small to impact housing trends.

In New York City and many other parts of the country, the economic recovery is accelerating, driving improvement in local housing markets. The strengthening housing market in New York City is coinciding with, not caused by, growth in the short-term rental marketplace. In fact, economic growth in New York is driving increased utilization of short-term rentals as travel to the city increases.

The current short-term rental marketplace utilizes technology to provide a more efficient platform to connect individuals that traditionally used other methods to advertise rooms for travelers. The application of technology and rise in social media are driving increased utilization of short-term rentals; however, the overall number of reservations remains a small fragment of the housing market in New York City. Utilizing data provided by Airbnb for New York City, RCG analyzed the footprint relative to the size of the housing market as measured by government statistics.



- On short-term rental listing sites such as Airbnb, the number of listings varies over time because of seasonal factors and owners' financial needs or travel plans. During any given period, thousands of short-term rentals are available in New York; however, not all of these listings are available throughout the year or successfully reserved. Successful reservations are significantly impacted by seasonal business and leisure travel patterns. In 2012, Airbnb activity in New York City peaked in August, a typical peak travel month, with approximately 4,300 booked properties. During the busiest month in 2012, Airbnb reservations occurred in just 0.1% of the nearly 3.4 million New York City homes.
- Reservation activity in New York City increased substantially in 2013 on Airbnb. Utilizing data through August 2013, during the peak month, just 0.2% of New York City residences had a short-term rental reservation through Airbnb.

Beyond the relatively small number of residential units offered as short-term rentals, the majority of these homes are not made available throughout the year. Not only do the occupancy needs of owners discourage year-round reservations, but operating costs, vacancy risk and frequent turnover of dedicated short-term rentals also preclude most people from viewing short-term rentals as a primary business.

- The demand for short-term rentals varies substantially as a result of seasonal factors. This high volatility in occupancy patterns can lead to extended periods when the short-term rental is not reserved. Furthermore, the nightly fees charged can vary substantially with shifting traveler demand. As such, a responsible landlord or real estate investor will view the more stable occupancy and revenue provided by traditional apartment leasing as a more favorable investment opportunity.
- While a traditional apartment is occupied for a typical initial lease term of one year, short-term rental occupancy varies substantially throughout a given 12-month period. In the past year, the average number of nights reserved per Airbnb listing in New York City was 49 nights, or just 13% of the calendar year.
- The average gross income per listing received in the previous 12 months was \$6,160, or an average of \$513 per month. The average income is not typically received each month but is staggered throughout the year due to seasonal reservation and travel patterns.
- The average Airbnb income of \$513 per month is less than 16% of the average market-rate apartment rent of \$3,287 per month in mid-2013. While the average income generated is a substantial amount of income, it is insufficient to cover rent costs for a market-rate rental unit even when assuming there are no additional operating or maintenance expenses.

- The average monthly income generated by short-term rentals is insufficient to cover costs for the majority of housing units in New York City covered under rent regulations as well. According to the last comprehensive study undertaken by the New York City Department of Housing Preservation and Development and the Census Bureau, the average monthly rent paid in 2011 was \$1,387, including market-rate, rent-stabilized, rent-controlled and public housing units.
- Furthermore, the additional cost of operating a dedicated short-term rental can be significant because of the high rate of turnover, unit maintenance and transferring keys to guests. The operating costs of short-term rentals increase as the number of nights reserved increase, further eroding the potential for profit from dedicated short-term rentals.
- For most landlords, the higher rental income provided by traditional apartment leasing combined with lower costs throughout the length of a lease is preferable to short-term rentals, which can entail substantial costs for each reservation. With expected income low relative to the costs of operating dedicated short-term rentals, short-term rentals on a small scale as a primary business is not an effective business concept.
- Supplemental income sources can be important for many households in expensive cities such as New York. The Housing Vacancy Survey found that one-third of renter households in New York City paid more than 50% of their household income to rent. According to an Airbnb survey of its users, 62% noted that income generated via Airbnb helped them to stay in their homes.

The recent tightening of the New York City apartment market was the result of job creation and demographic trends. The short-term rental marketplace is expanding, a result of improving economic conditions in New York City and the application of technology to facilitate transactions. While the usage of short-term rentals increased in recent months, RCG believes that there was no impact on the broader housing market. Isolated cases of individuals turning short-term rentals into a primary business exist; however, we believe that the majority of short-term rentals provide a smaller amount of supplemental income.

The rapid acceleration of the apartment market in New York City, while the result of local job creation and household formation trends, is not unique. Across the country in cities such as San Francisco and Seattle, as well as in major population centers throughout the globe, the growing population of prime renter-age households that are attracted to dynamic urban centers is driving heightened demand for housing. At the same time, not only was construction in many regions minimal during the past few years, but also regulatory constraints caused supply to lag demand for the long term. In these cities, just as in New York, demand for housing is driven by economic

and demographic trends. Also similar to New York, the short-term rental activity in these cities occurs in a very small share of housing units – an amount too small to impact the broader housing market. Most global gateway cities, including New York, San Francisco, Paris, London and others, share similar traits: very constrained housing supply, accelerating demand and urban residents who are embracing the sharing economy. These major urban areas tend to be dynamic, diverse and growing economies, which attract new residents and travelers on a consistent basis. It is these trends, including the desirability of living in a major metropolis, that increase the cost of housing in global gateway cities. While short-term rental activity is on the rise throughout the world, facilitated by technology and firms such as Airbnb, it is not having a meaningful impact on rental housing markets.

**The Average Daily Rate for Short Term
Rentals in Santa Barbara:
A comparison with Conventional
Hotels and Motels**

**Is there a significant price differential
between STRs and Hotels ?**

A report prepared by the

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March 25, 2017

FINAL REPORT

Executive Summary

A recent survey (March 2017) of average daily, weekly, and monthly rates for short term rentals (STRs) in Santa Barbara was conducted. Established industry sourced reports on average daily rates for conventional lodging (hotels/motels) in the City of Santa Barbara were also evaluated.

This study was conducted to ascertain the price differential, if any, between formal lodging establishments and STRs. The comparison indicates that on a per room basis, STRs are significantly less expensive than conventional lodging in the City of Santa Barbara (or elsewhere throughout the South Coast).

In some cases, an entire house or apartment (short term rental) can be rented for the price of an upscale hotel room in Santa Barbara.

Studies conducted elsewhere have demonstrated that STRs around the country including California are generally less in cost than hotels.¹ The comparison was for average listings in cities throughout the world, compared to hotel rooms in that same city. An average listing included apartments and whole homes. Consequently, even when hotels were less expensive than STRs---in the cities of Austin, San Diego and San Francisco---the comparison is between a hotel room and an AirBnB listing which is largely comprised of entire apartments and detached multi-bedroom and multi-bathroom homes.

Short term rentals can be especially cost effective for large families or groups. A family of four or five or two couples traveling together can share a two bedroom apartment or home which is usually less expensive than a pair of hotel rooms.

In fact, the statistical analysis conducted in this study shows that the average per bedroom per night rates for STRs is clearly less in all seasons than the rate per hotel room in Santa Barbara, either in-town or along the beach or within the coastal zone. Further savings occur because rentals include kitchens; families can cook their own food which is less expensive than food away from home. Furthermore, laundry machines enable additional savings, in both time and money.

¹ <https://priceconomics.com/hotels/>
<http://www.businessinsider.com/is-it-cheaper-to-airbnb-or-get-a-hotel-2016-2>

**Comparison of Average Daily Rates / Formal Hotels/Motels versus
Short Term Rentals / City of Santa Barbara**

<u>Season</u>	January – December 2016 Actual Average Rates		2017 STR Rates*	
	<u>Beach Hotels</u>	<u>In Town Hotels</u>	<u>Coastal Zone</u>	<u>In Town</u>
Winter	\$ 218	\$ 175	\$ 145	\$ 154
Spring	\$ 249	\$ 183	NA	NA
Summer	\$ 322	\$ 231	\$ 184	\$ 168
Fall	\$ 270	\$ 207	\$ 159	\$ 153
Annual Average	\$ 265	\$ 199	\$ 163	\$ 156
Percentage difference from Hotels/Motels			- 38%	- 22%

* per room per night

Source: PKF Consulting through Visit Santa Barbara, and STR Survey, described above

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Introduction

In March 2017, The California Economic Forecast prepared a comparative price analysis between Short Term Rentals (STRs) and Hotel/Motels in Santa Barbara.

Because we have conducted previous studies associated with Short Term Rentals in the Central Coast, we were familiar with the industry and the online websites that are routinely used to locate, determine prices, and rent an STR.

We conducted a survey of STR listings on the most popular websites used to search and locate rentals in Santa Barbara County. This survey was conducted between March 10 and 21, 2017.

We obtained information from Visit California at the Santa Barbara Chamber of Commerce on the prices of local hotels and motels. We have been maintaining price and occupancy information on the South Coast lodging industry for the last 20 years. Consequently, we have built a very long and extensive database on ADRs (average daily rates), rates of utilization (occupancy), the hotel inventory, and the total numbers of transient rooms.

Short Term Vacation Rental Price Survey

The survey of STRs in the Santa Barbara area was conducted during the 2 week period of March 10 to 21, 2017. Consequently, the price information is extremely current. The following websites were used to obtain location and price information:

www.VRBO.com,
www.AirBnB.com,
www.ParadiseRetreats.com, and
www.VacationRentalsOfSantaBarbara.com

One prominent website not surveyed was www.HomeAway.com because the company recently purchased VRBO.com, and all HomeAway.com listings are now duplicated on the VRBO.com website.

Properties were selected by using each website's "property search" tool. The search criteria were City (for example: Santa Barbara), number of guests (for example: 2 or more), and dates of stay (see **Seasons** below).

The properties displayed on the search results were then reviewed. For VRBO.com, ParadiseRetreats.com, and VacationRentalsOfSantaBarbara.com, there is a "Rates" tab for each property. Using the Rates tab, we were able to obtain the nightly, weekly, and monthly rental rates per season. For the AirBnB.com website there was no Rates tab. As a result, we had to enter the dates for 9 separate date ranges and review a quote that showed the rental rate for each date range.

Location and price for a total of 150 STRS were obtained. Of this total, 94 were located in the City of Santa Barbara.

STRs by Location

	<u>Total</u>	<u>In Beach Area</u>	<u>In Coastal Zone</u>
Carpinteria	15	15	14
Summerland	8	8	8
Montecito	33	17	16
Santa Barbara	94	34	22
Totals	150	74	60

Seasons

For AirBnB.com, the following 9 date ranges were used for the search criteria dates:

SUMMER	FALL	WINTER
Nightly: 7/15 - 7/18	Nightly: 10/15 - 10/18	Nightly: 1/15 - 1/18
Weekly: 7/15 - 7/22	Weekly: 10/15 - 10/22	Weekly: 1/15 - 1/22
Monthly 7/15 - 8/14	Monthly 10/15 - 11/14	Monthly 1/15 - 2/14

For the comparison to hotels, it would have been appropriate to focus the survey on whole apartments since these would be most comparable to a hotel stay. However, there are few apartments in the population of properties that are listed on the rental websites. Consequently, we used whatever listings were available on the websites. The listings were focused on the entire property (home or apartment) and not a room within a property.

From the survey, we extracted the location of the property, the number of rooms in the property, and the rate per night for 1 to 6 nights, for 7 to 29 nights, and for 30+ nights. As discussed above, rates were obtained for:

Summer (during mid-July)
Fall (during mid October)
Winter (during mid-February)

Gathering this type of information enabled us to determine an average *seasonal* nightly rate per room for short term rental properties:

- 1) for the entire sample of 150 properties
- 2) for STRs in the City of Santa Barbara
- 3) within the coastal zone (or beach area) of Santa Barbara

Overall average rate in 2017

The average cost of an STR property per night is \$524.92. The average number of bedrooms is 2.92. Consequently, the average price per room is

$$\$524.92 / 2.92 = \$179.77$$

This is the average rate over all seasons and for 1 to 6 nights.

The average rate per night per room for a week is \$154.54.
 The average rate per night per room for 30 days or more is \$124.83

Seasonal Rates in 2017

Here are the average daily rates by season and length of stay

All Properties in the Survey

Average Price Per Night per Property

<u>Season</u>	<u>Length of Stay</u>		
	<u>1 to 6 nights</u>	<u>1 week</u>	<u>30+ days</u>
Winter	\$481	\$417	\$323
Summer	\$581	\$524	\$420
Fall	\$512	\$455	\$351
Average	\$525	\$451	\$365

Average Price Per Night per Room

<u>Season</u>	<u>Length of Stay</u>		
	<u>1 to 6 nights</u>	<u>1 week</u>	<u>30+ days</u>
Winter	\$165	\$139	\$111
Summer	\$199	\$173	\$144
Fall	\$175	\$152	\$120
Average	\$180	\$154	\$125

Santa Barbara Only

For strictly City of Santa Barbara located STRS, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$450	\$169
Fall	\$407	\$153
Winter	\$399	\$150
Average	\$419	\$157

Number in Sample=94

Avg # Rooms=2.7

Coastal Zone Properties

For Beach area and Oceanfront properties, the average daily rates per room and per night are as follows

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$660	\$213
Fall	\$567	\$191
Winter	\$507	\$171
Average	\$578	\$195

Number in Sample=60

Avg # Rooms=3.0

Santa Barbara City Coastal Zone

For properties located in the Santa Barbara Coastal Zone, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$469	\$184
Fall	\$406	\$159
Winter	\$371	\$146
Average	\$415	\$163

Number in Sample=22

Avg # Rooms=2.6

Montecito

For properties located in Montecito, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$818	\$248
Fall	\$686	\$208
Winter	\$618	\$187
Average	\$707	\$214

Number in Sample=33

Avg # Rooms=3.3

Carpinteria / Summerland

For properties located in the Carpinteria / Summerland area, the average daily rates per room and per night are as follows:

	<u>Cost per Night</u>	<u>Cost per Room</u>
Summer	\$808	\$235
Fall	\$720	\$210
Winter	\$639	\$186
Average	\$722	\$210

Number in Sample=23

Avg # Rooms=3.4

Summary

The average year around cost for an STR property in the Santa Barbara area per day is \$525. This is the cost for an entire home, condo, or apartment unit with 3 bedrooms.

The per bedroom rate is \$180 per night.

The average year around cost for an STR property in the City of Santa Barbara is \$419 per day. The average per bedroom rate is \$157. The average year around cost for an STR property in Montecito and Carpinteria / Summerland is \$707 and \$722 respectively. Per bedroom per night the rates for Montecito and Carpinteria are \$214 and \$210 respectively.

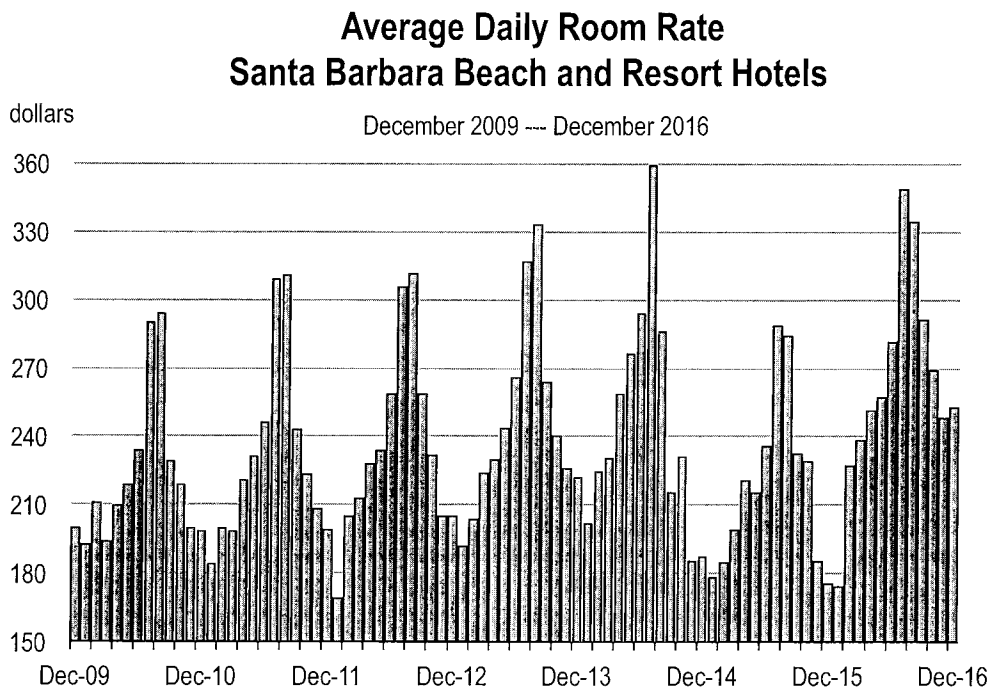
Year around or by season, STR rates per night and per bedroom are less expensive than STR rates in Montecito or Carpinterland / Summeland than in the City of Santa Barbara. There are more STR properties in Santa Barbara and there is more diversity in the type of units for rent.

Santa Barbara Lodging Rates (Formal Hotels & Motels)

Room rates for lodging establishments in Santa Barbara have been gradually rising over time and the current average daily rate is at all time record highs. Data on room rates for all areas of Santa Barbara County are produced by PKF Consulting and distributed by Visit Santa Barbara.

We focus on the ADR (average daily rate) for Santa Barbara Beach hotels and separately for Santa Barbara hotels and motels located off the beach but within the city limits.

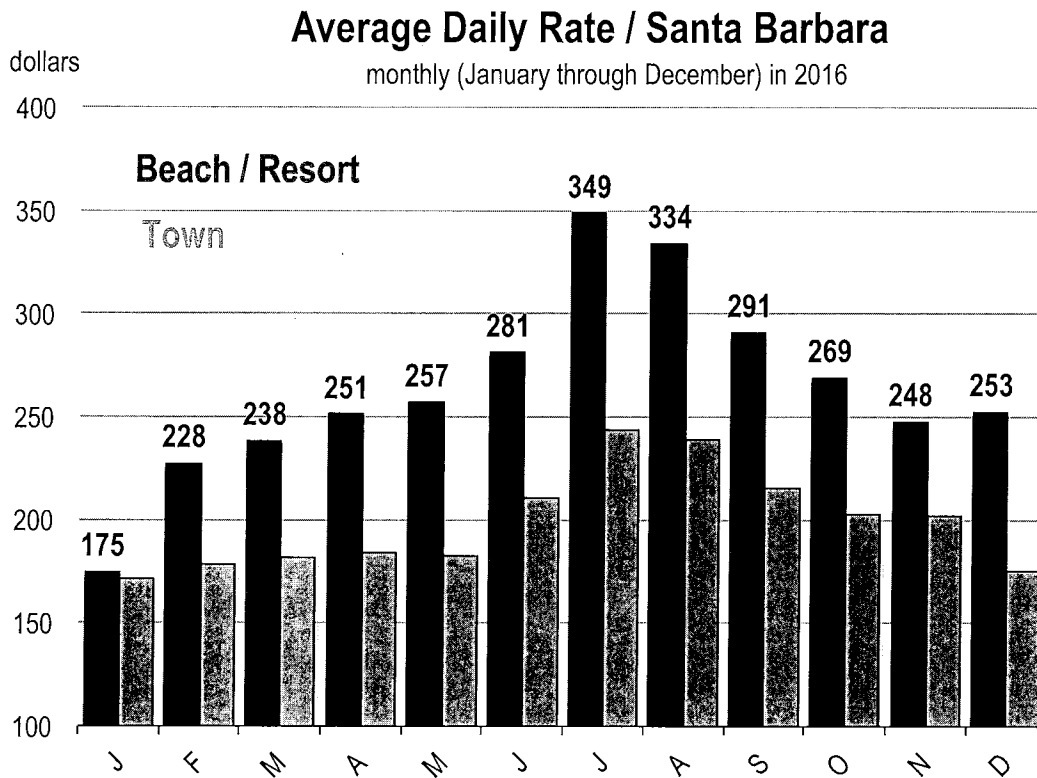
Rates (consistent with the behavior of STR rates over the year) are clearly seasonal, as demonstrated in the following chart.



The high point for the average daily rate came in 2014 when occupancy reached record levels, due in large part to particularly favorable weather in California combined with extraordinarily poor weather in much of the rest of the nation. Occupancy started to stabilize and even weaken in 2015 but it appears that hotels rapidly adjusted their prices to offset any occupancy declines. Demand strengthened in 2016 despite the stronger dollar, due to faster growing economies in the U.S., Canada, Europe, and Asia.

In order to untangle the seasonal volatility, a seasonal adjustment methodology is typically used to evaluate the price and occupancy series' transient lodging over time. However, that is not necessary for the purposes of this report. See Appendix A.

A close up of Santa Barbara hotel average daily rates is shown below by month for the 2016 calendar year, for Beach hotels and for In-Town hotels:



Last year, the July rates averaged \$349 per night. October rates averaged \$269 per night, and February rates averaged \$228 per night.

Now, if you compare with the STR survey above, all of these rates are significantly higher than the average rates per night per room for short term rentals.

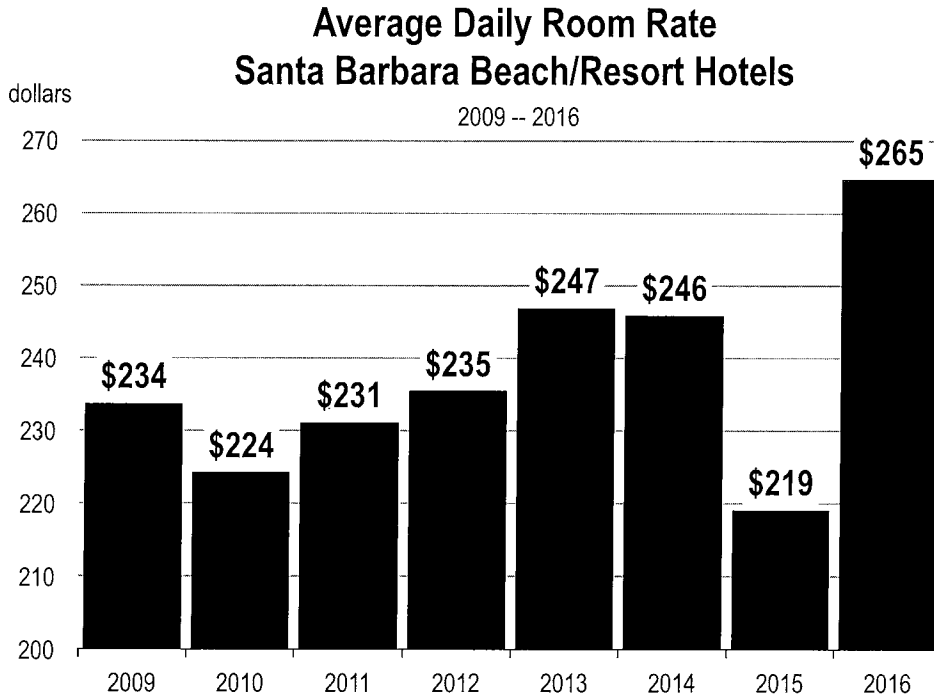
Comparison: Hotels and STRs

In a short term rental which in Santa Barbara is routinely a detached home, condominium or less frequently, an apartment, guests are able to lodge a family of 4

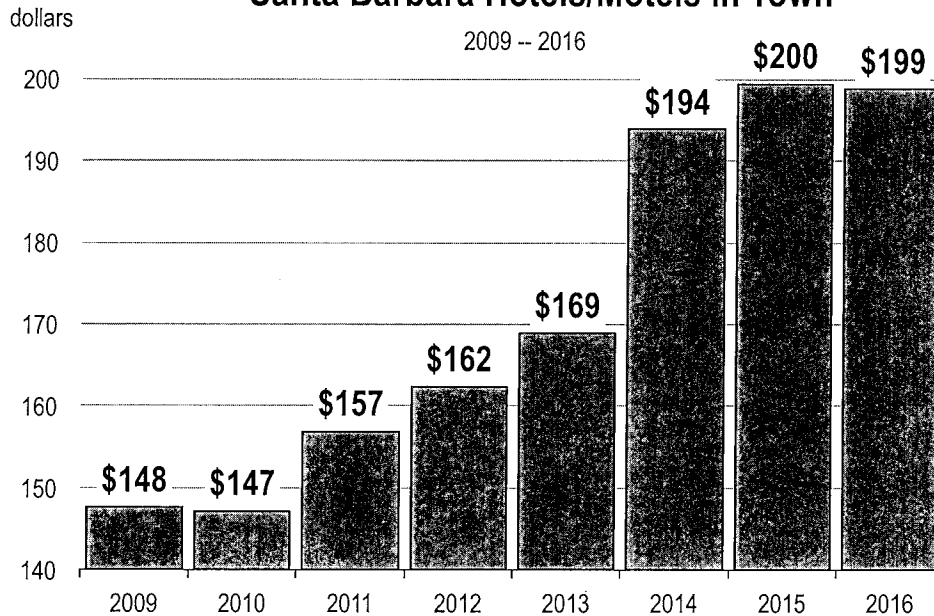
or more in a 2 or 3 bedroom home or apartment. And clearly, the rental rate is on average, lower than renting 2 or 3 rooms (or a suite) in a hotel. The STR will have additional living space including a kitchen, dining room, and more than one bathroom. It will also typically have laundry facilities, a garage or at least some free parking.

Daily rates are higher for the Beach Resort hotels, currently averaging \$265 per night for Beach area (or Coastal Zone) location, and \$199 per night for other hotels/motels in town.

Annual average rates are presented below for Santa Barbara beach area Hotels and In-town lodging facilities.



Average Daily Room Rate Santa Barbara Hotels/Motels in Town



These rates are for a room in a hotel, featuring either a king or two queen beds. Basically the room is for 2 people but might be able to sleep a family of 4 under the best of conditions.

A Self Selected Survey of Hotels on Booking.com

A sample of February and March rates for 30 selected hotels in the South Coast region are presented in the following table. This sample was obtained from Booking.com and the daily rate was collected for the most inexpensive room at the lodging facility for a weekday night: Wednesday of February 22, and March 22, 2017.

The average rate for these 30 hotels was \$268.70 for the March date.² Twenty of these hotels are located in the Coastal Zone. The average rate for Coastal Zone properties was actually less at \$235.45. This is because the Canary, El Encanto, and San Ysidro Ranch properties are not in the coastal zone and were therefore removed from the average. The average rate for Santa Barbara only based properties is \$230.30. What this selected survey indicates is that average hotel/motel rates for the most inexpensive option all exceed \$200 per night.

² A similar sample was collected for 25 of the most affordable hotels for the same date. The average rate was \$116. None were in the coastal zone.

Table 1: Lowest Hotel Prices for selected Santa Barbara area lodging for the Wednesday nights of February 22 and March 22, 2017*

<u>Hotel Name</u>	<u>Best Overnight rate</u>	<u>Location</u>	<u>Type</u>
San Ysidro Ranch	945	Montecito	Resort
El Encanto	468	Santa Barbara	Resort
4 Seasons Biltmore	445	Montecito	Resort
Bacara	425	Goleta	Resort
Spanish Garden Inn	329	Santa Barbara	Hotel
Canary Hotel	302	Santa Barbara	Hotel
Harbor View Inn	250	Santa Barbara	Resort
Santa Barbara Inn	239	Santa Barbara	Resort
The Upham Hotel	232	Santa Barbara	Hotel
Courtyard Marriott	229	Goleta	Hotel
Hampton Inn	226	Goleta	Hotel
Double Tree	224	Santa Barbara	Resort
The Eagle Inn	220	Santa Barbara	Beach
Hotel Milo	219	Santa Barbara	Beach
Hotel Indigo	214	Santa Barbara	Beach
Pacifica Suites	209	Goleta	Hotel
Brisas Del Mar	199	Santa Barbara	Beach
Hotel Santa Barbara	189	Santa Barbara	Beach
The Wayfarer	189	Santa Barbara	Beach
Hyatt Centric	186	Santa Barbara	Beach
Montecito Inn	185	Santa Barbara	Hotel
Encina Lodge	179	Santa Barbara	Hotel
West Beach Inn	172	Santa Barbara	Beach
Beach House Inn	172	Santa Barbara	Beach
La Quinta Inn	169	Santa Barbara	Hotel
The Goodland	169	Goleta	Hotel

*on Booking.com. If this date was sold out, we queried the following Wednesday: March 1, 2017, or March 29, 2017. Many of these hotels have a variety of room sizes and amenities and therefore have much higher ADRs than presented here. Also, weekend rates are in nearly all cases, substantially higher. This is particularly true at the El Encanto, Biltmore, Bacara, Hyatt, and Double Tree.

Summary of Hotel Costs in Santa Barbara

The average 2016 rate was \$265 for Beach properties and \$199 for in-town hotels.

The seasonal averages for formal Santa Barbara transient lodging are shown in the table below:

January – December 2016 Actual Average Daily Rate Averages

<u>Season</u>	<u>Beach Hotels</u>	<u>In Town Hotels</u>
Winter	\$ 218.32	\$ 175.03
Spring	\$ 248.92	\$ 182.58
Summer	\$ 321.54	\$ 230.97
Fall	\$ 269.52	\$ 207.06
Annual Average	\$ 264.58	\$ 198.81

Source: PKF Consulting through Visit Santa Barbara, March 2017

Some Additional Comparisons

The Expense of South Coast Hotels are cited as a problem for Coastal Access

It is important to note that a recent article in the Santa Barbara Independent reported on a UCLA study which found the average daily room rate for South Coast hotels among the highest in the state of California.³ The UCLA study by Jon Christensen and Phillip King reported on the lack of affordable lodging options in coastal communities and how this impacts coastal access by Californians. The lack of affordable overnight accommodations was cited by 75 percent of Californians as a problem factor when visiting the coast.⁴

National Comparison of STR and Hotel rates

The fact that STR rates are effectively lower than conventional hotel/motel room rates is not uncommon. There have been many comparison reports prepared on this subject, and all demonstrate that even in expensive cities like New York, Los Angeles, and San Francisco, entire short term rental homes cost less per night than a single room in a hotel.⁵

³ S.B. Hotel Room Rates Among Highest in CA, The Independent, February 10, 2017 edition, <http://www.independent.com/news/2017/feb/10/sb-hotel-room-rates-among-highest-ca/>

⁴ Access for All, What the Coast Means to Californians, And how often they visit, by Jon Christensen, UCLA and Philip King, San Francisco State University, November 2016. <https://www.ioes.ucla.edu/coastal-access/>

⁵ See for example: <https://qz.com/779121/airbnb-vs-hotel-cost-comparison-you-can-rent-an-entire-home-on-airbnb-for-the-price-of-a-hotel-room/>

Please see reference list for more comparison studies.

Summary of Findings

Short term rentals in Santa Barbara rent for an average rate of \$525 per night, and \$419 in the City of Santa Barbara. However, this average rate is associated with an entire 3 bedroom home or condo which includes kitchen facilities and parking, additional rooms and bathrooms and frequently, laundry facilities.

On a per room per night basis, short term rentals are significantly less than conventional hotels and motels in Santa Barbara and the Coastal Zone of Santa Barbara.

The average daily rate is lower for weekly stays in a short term rental whereas weekly stays in a conventional hotel generally offer no such discounts. On a per room basis for families or traveling groups, short term rentals provide a comparatively more affordable alternative to conventional lodging facilities in Santa Barbara including the Coastal Zone.

Season	January – December 2016 Actual Average Rates		2017 STR Rates*	
	Beach Hotels	In Town Hotels	Coastal Zone	In Town
Winter	\$ 218	\$ 175	\$ 145	\$ 154
Spring	\$ 249	\$ 183	NA	NA
Summer	\$ 322	\$ 231	\$ 184	\$ 168
Fall	\$ 270	\$ 207	\$ 159	\$ 153
Annual Average	\$ 265	\$ 199	\$ 163	\$ 156
percentage difference from Hotels/Motels			- 38%	- 22%

NA = not available

* per room per night

Source: PKF Consulting through Visit Santa Barbara, and STR Survey, described above

For a week stay, there is frequently no discount provided at hotels or resorts. But at STRs, surveyed rates clearly demonstrate the existence of a significant discount:

**2017 STR Rate Per Night for Stays
of 1 night and for 7 nights or more**

	<u>For 1 night*</u>	<u>For 7 nights*</u>
Winter	\$165	\$139
Summer	\$199	\$173
Fall	\$175	\$152
Average	\$180	\$154

* per room per night

Source: STR Survey, described above

References

Christensen, Jon, and Philip King, Access for All, A New Generation's Challenges on the California Coast, January 2017

<https://www.ioes.ucla.edu/coastal-access/>

Airbnb vs Hotels: A Price Comparison

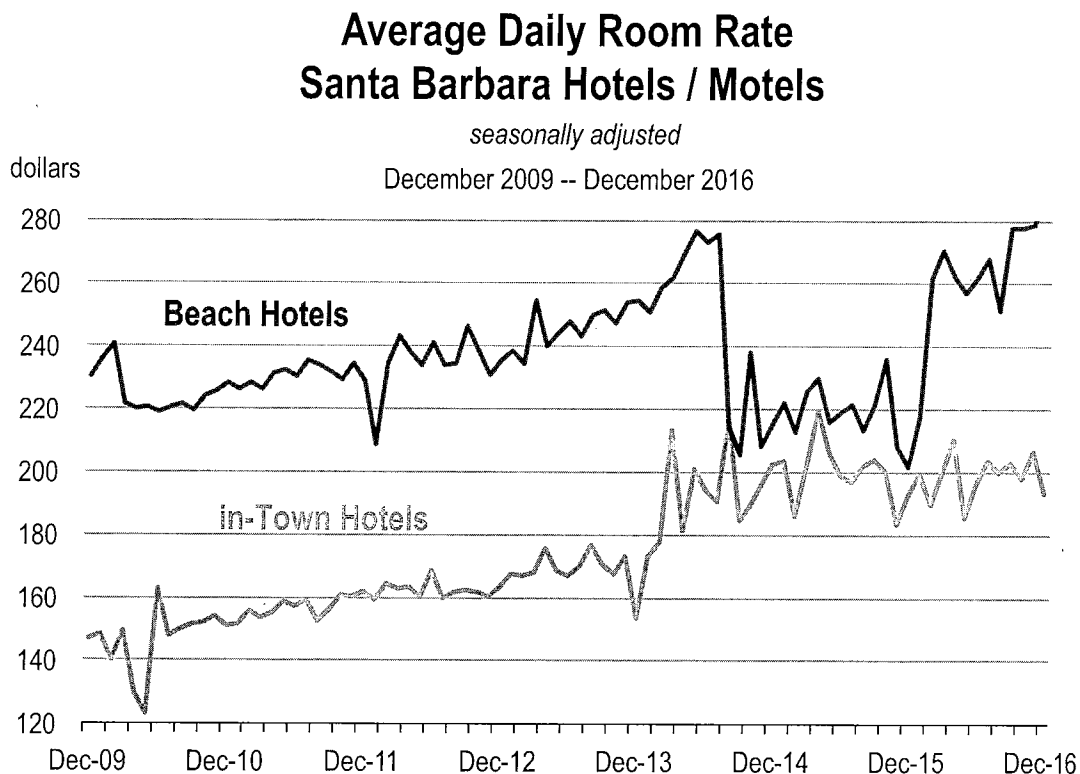
<https://priceconomics.com/hotels/>

Here's where it's cheaper to book an Airbnb over a hotel room

<http://www.businessinsider.com/is-it-cheaper-to-airbnb-or-get-a-hotel-2016-2>

Appendix A

The convention for evaluating average daily room rates over time is to apply a seasonal adjustment factor to produce a more smoothed series. This is a standard statistical approach used when the data series being analyzed exhibits significant seasonal volatility.



When seasonal adjustment is executed properly, the series appears more stable and therefore readable and assessable over time. Note with seasonal adjustment the Beach hotel series does take a dip in late 2014 extending through to November of 2015. We did notice that the average hotel prices were lower during this time period than in past years. This may have been a reporting error on the part of PKF consulting, the source of this information. Alternatively, because occupancy was starting to slip for the most expensive lodging facilities in town at that time, this may have been a more competitive period for local hotels to maintain higher rates of occupancy. During 2015, this was the only period in time in which In-Town Santa Barbara average occupancy was greater than Beach/Resort Hotel average occupancy, over the last 5 years.