

SHORT-TERM RENTALS A BALANCED APPROACH

League of California Cities - 24 Sep 2021, 8am

Lisa Wesley, City of San Mateo

Dennis Kauffman, City of Roseville

Ryan George, HdL Lodging Tax

THE STR CHALLENGE

A NEW MARKET EMERGES

FLIPKEY, iSTOP OVER, VRBO, ROOMORAMA, AIRBNB...

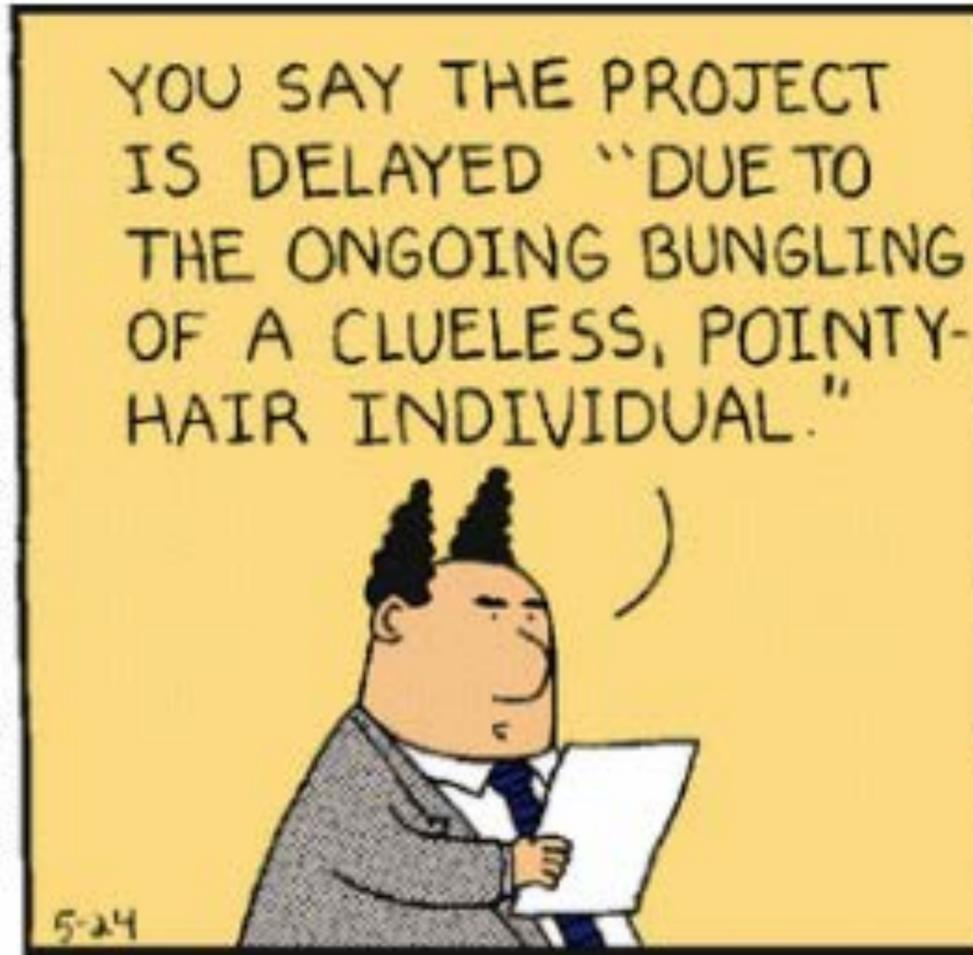
CLUELESS

FROM: DILBERT.COM

Tuesday May 24, 1994



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**They don't know
what they don't know.**

PROBLEMS EMERGE WITH THE NEW MARKET

- market fairness
- you start getting complaints
- you can't find the hosts who are renting
- hosts are unresponsive
- hosts don't file taxes
- you are losing affordable housing

THE STR OPPORTUNITY

The Host Opportunity

The Revenue Opportunity

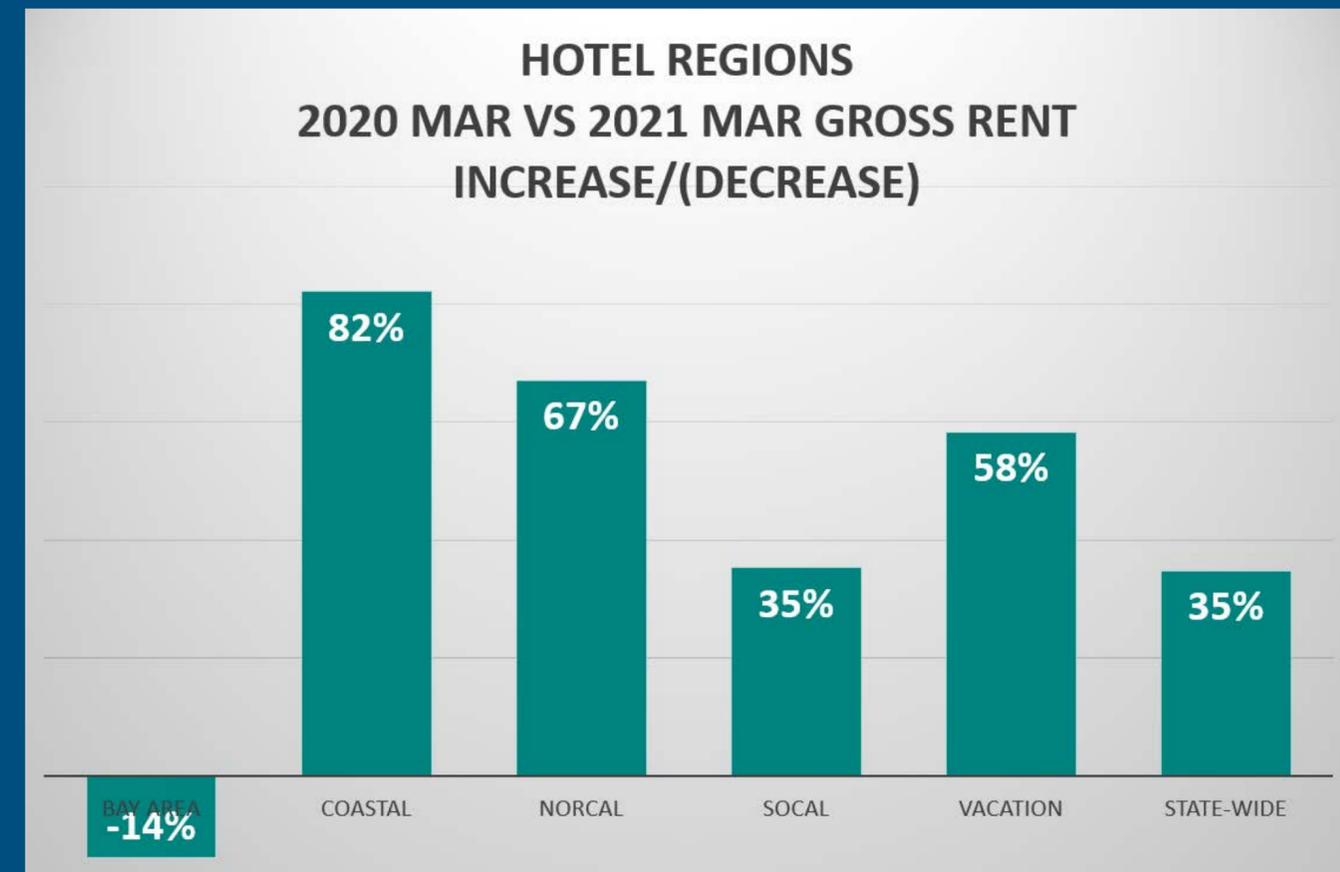
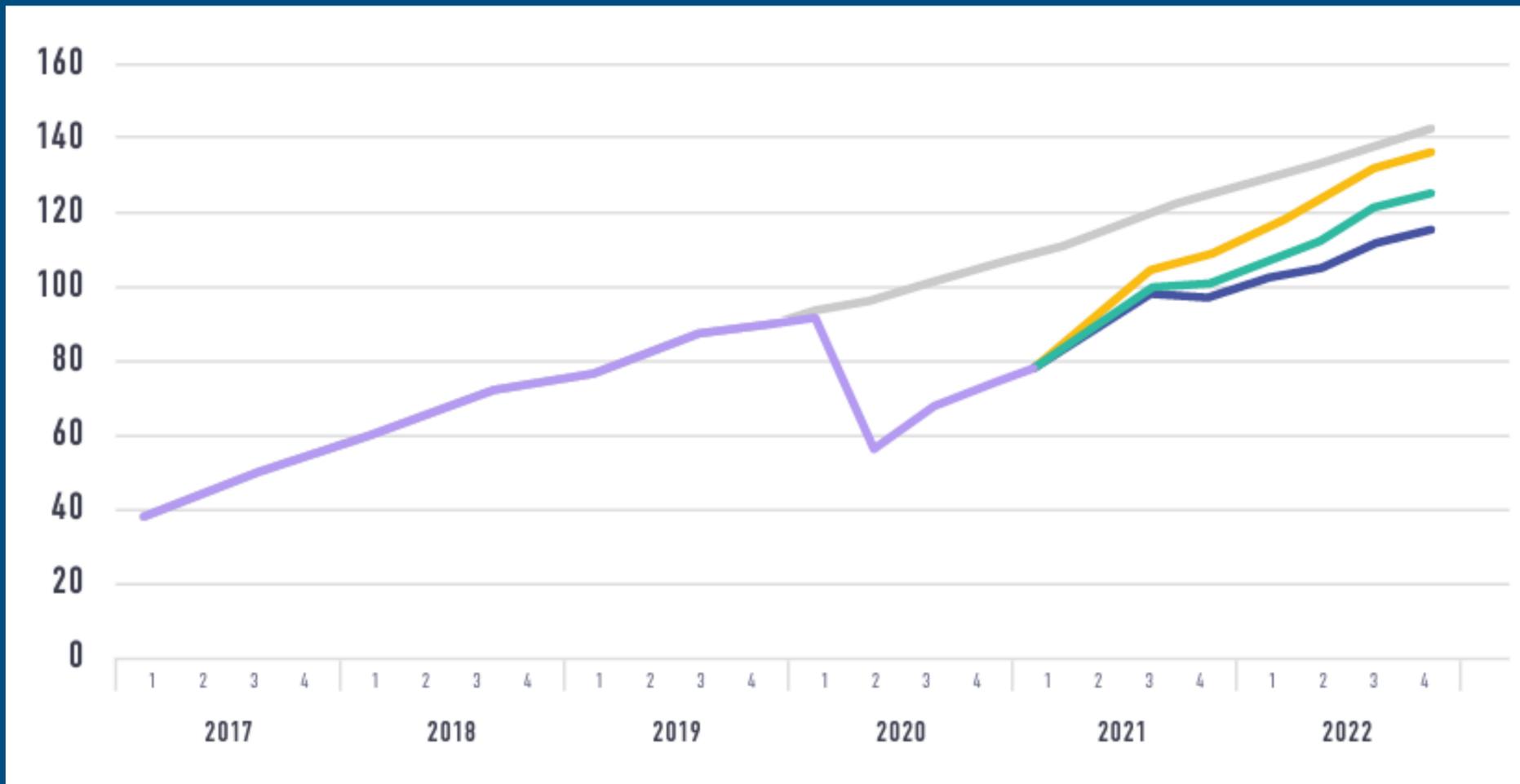
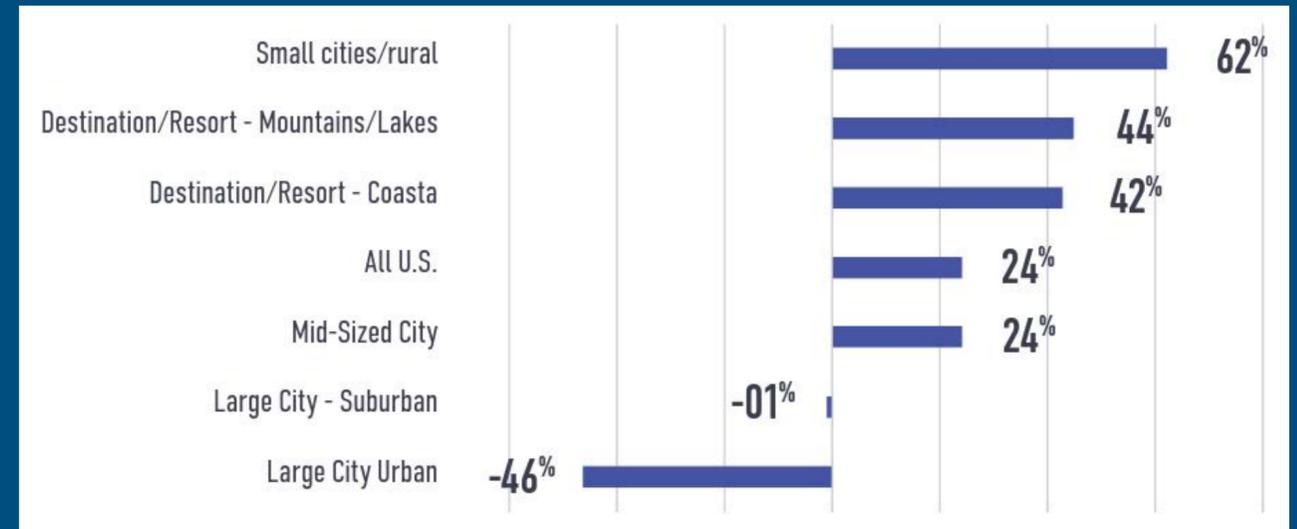
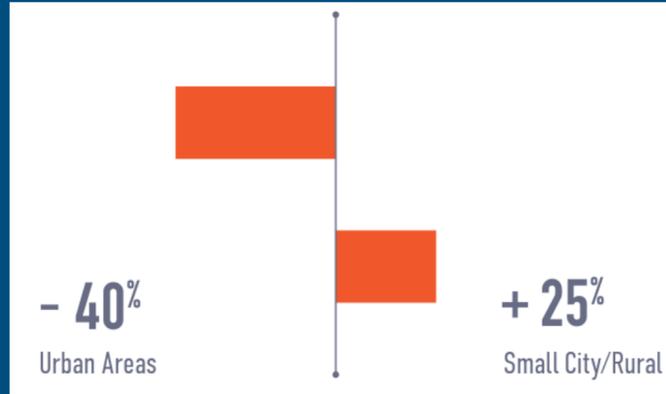
Tourism Uptake

THE STR MARKET

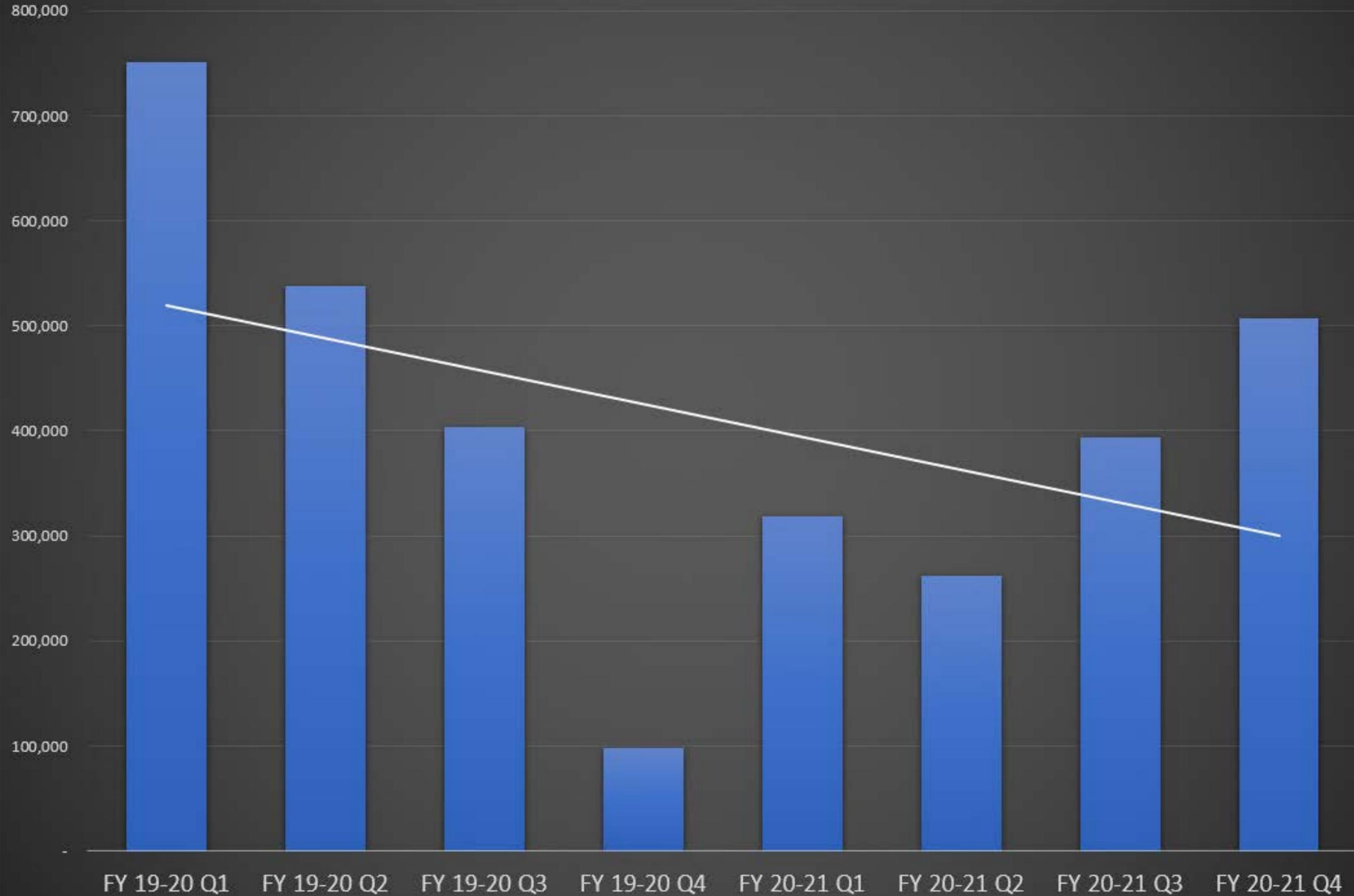
U.S. short-term rental (STR) demand has now recovered to 2019 levels of demand. In April 2021, demand increased by 66.4% over 2020 levels and 5.4% over 2019 levels, marking the first month since March 2020 where demand exceeded 2019 performance.

AirDNA Jamie Lane, <https://www.airdna.co/blog/airdna-market-review-us-april-2021>

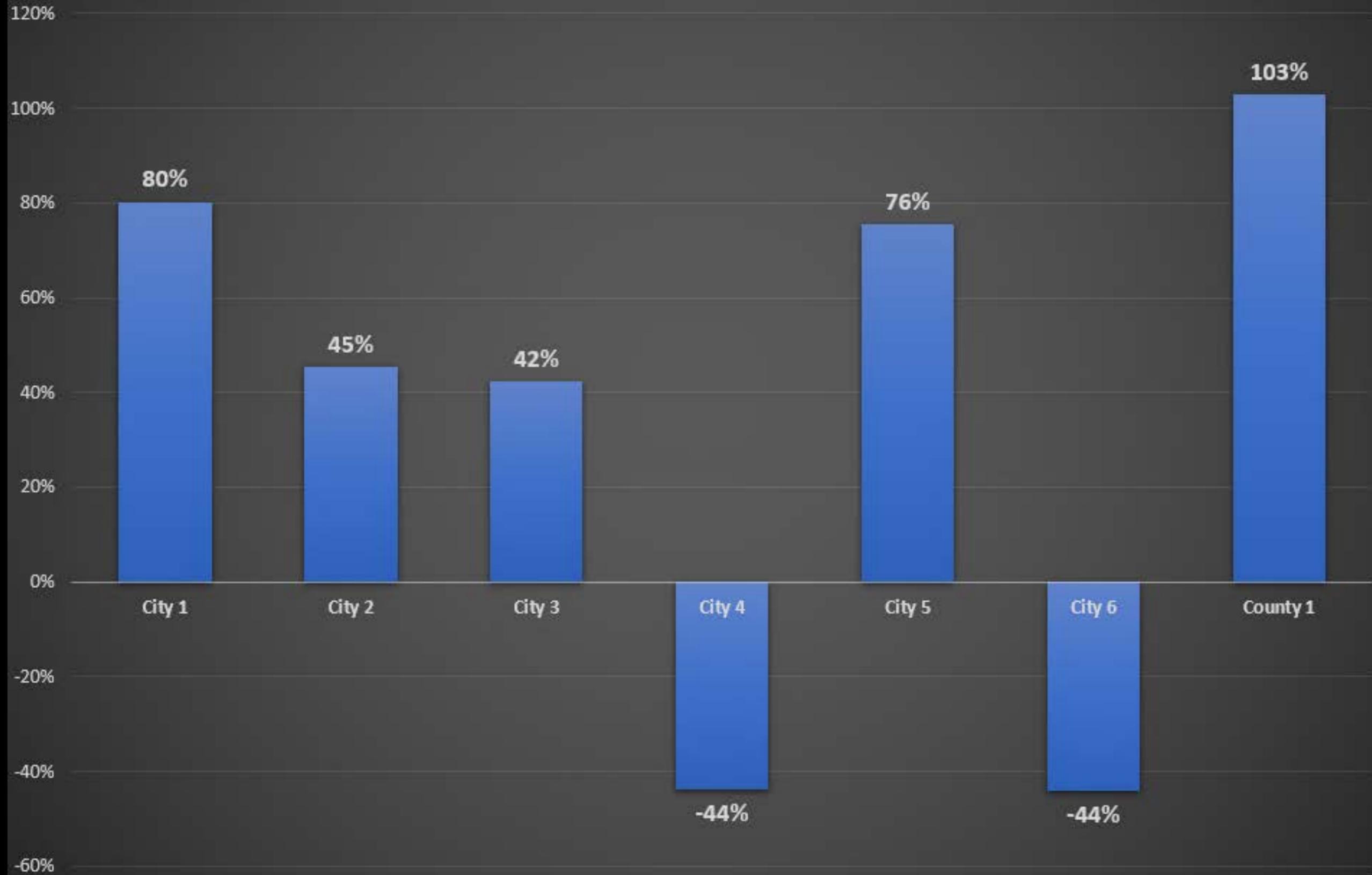
LODGING INDUSTRY REBOUND?



FY 19-20 THRU FY 20-21 AGGREGATE STR REVENUE



YOY INCREASE-DECREASE IN TOT REVENUE - 2019-2020



SHORT-TERM RENTALS A BALANCED APPROACH

WHAT IS THERE TO BALANCE?

THE NEEDS OF THE CITY, COUNTY

THE NEEDS OF THE NEIGHBORHOOD

THE NEEDS OF THE HOTEL LODGING COMMUNITY

THE NEEDS OF THE HOSTS

**DO YOU NEED TO CHANGE YOUR
CODE? REQUIRE A PERMIT?**

THE SAN MATEO STORY

The San Mateo Story

Lisa Wesley

- Organizational Focus
- Start the process
- STR Host issues
- Permitting Structure
- Support the process



THE ROSEVILLE STORY

The Roseville Story

Dennis Kauffman

- Code Change Addressing STRs
- Permit Requirements
 - Parking Map
 - Letter to Neighbors
- Complaints
 - Friendly Neighbor Approach
 - Publish STR Emergency Contacts
- Website Resource--TOT Links & FAQs
 - <https://www.roseville.ca.us/cms/one.aspx?portalId=7964922&pageId=15474393>



SHORT-TERM RENTALS A BALANCED APPROACH

WHAT TYPE OF MUNICIPALITY ARE YOU?

WHAT TYPE OF MUNICIPALITY ARE YOU?

- STRs are Illegal
- STRs are Legal, Some Compliance Efforts Already Undertaken
- STRs are Legal, No Compliance Efforts Undertaken

SHORT-TERM RENTALS A BALANCED APPROACH

WHAT IS MOST IMPORTANT TO YOU?

STR CONSIDERATIONS

revenue v compliance

COMPLAINTS

hosts v neighbors

STR WORKLOAD staff v vendor

THE LODGING MARKET

hotels v hosts

CONCLUSION

THE BALANCED SOLUTION

DECIDE YOUR PRIORITIES

municipality, hotels, hosts, neighborhood

UNDERSTAND WHAT STR COMPLIANCE REQUIRES

complaints, identification, education, follow-up, tax admin

CHOOSE FROM AVAILABLE OPTIONS

to enforce or not to enforce

do it yourself or hire a vendor

identification v full admin

contract with advertisers or not

partial compliance v full compliance

PANEL QUESTIONS

LEAGUE OF CALIFORNIA CITIES - SEP 2021

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BONUS MATERIAL

PROS

CONTRACTING WITH ADVERTISERS TO COLLECT TOT

- 100% of that advertiser TOT would be collected.
- Very little effort on the city-side in collecting Airbnb TOT.
- Operator Convenience: for operators who advertise solely with on that platform, they no longer need to collect TOT from guests.

CONS

CONTRACTING WITH ADVERTISERS TO COLLECT TOT

- Only that advertiser's TOT collected. What about all the others?
- No property filing information; only a check.
- Shift in Tax responsibility unsupported by municipal code.
- TOT filing complicated for many operators.
- Property auditing severely limited.
- Cheating encouraged

LESSONS LEARNED

WHILE ADMINISTERING STRs

- Complaints: Friendly Neighbor approach better than 24/7 hotline
- Back Taxes: Collecting back taxes makes people mad
- Non-Responsive: there's always one hold out
- Identity Theft: we are not a scam, you really owe \$24k