SHORT-TERM RENTALS
A BALANCED APPROACH
League of California Cities - 24 Sep 2021, 8am

Lisa Wesley, City of San Mateo
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THE STR CHALLENGE
A NEW MARKET EMERGES

FLIPKEY, iSTOP OVER, VRBO, ROOMORAMA, AIRBNB...
I was just reading your project status report.

You say the project is delayed "due to the ongoing bungling of a clueless, pointy-hair individual."

Instead of saying "due to," it would read better as "facilitated by."
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?

References: AirDNA: https://www.airdna.co/blog/2021-us-short-term-rental-outlook-report, HdL
Yoy Increase-Decrease in Tot Revenue - 2019-2020

- City 1: 80%
- City 2: 45%
- City 3: 42%
- City 4: -44%
- City 5: 76%
- City 6: -44%
- County 1: 103%
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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
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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
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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