

## **A Plan for Fair Regulation of STRs in Santa Barbara County & City**

### **Why Short-Term Rentals should be regulated (and not prohibited) in Santa Barbara County & City:**

- 1) **Short-Term Rentals are good for the environment**
  - a) Short-Term Rental properties absorb excess demand for visitor accommodations, and therefore reduce the pressure to build hotels & motels on open space
- 2) **STR's provide affordable & authentic accommodations for visitors**
  - a) Families who cannot afford multiple hotel rooms have an affordable option by renting a multi-bedroom home
  - b) Guests can “live like a local” in a residential neighborhood, and learn & appreciate the local lifestyle
  - c) Allowing STRs in a community promotes a “welcoming” attitude towards visitors
- 3) **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**
- 4) **STRs provide important local short-term housing needs:**
  - a) Temporary housing for workers, professors, medical personnel, & families relocating for employment.
  - b) Executive housing, insurance claim temporary housing, housing needed during remodels, people looking to move to our area.
  - c) Visitors who come to town for medical procedures.
- 5) **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** (source: Santa Barbara Independent: <http://www.independent.com/news/2016/feb/18/report-says-vacation-rentals-generate-470-million/> ) .
  - a) 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.
  - b) STR activity is spread equally throughout the City & County, and is not concentrated in just the tourist-specific areas
- 6) **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.**
  - a) 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.
- 7) **Decisions to prohibit STRs in communities are generally based on two perceptions that are not supported by data, statistics, or formal studies. Conversely, recent studies performed by a respected Santa Barbara-based economic consulting firm do not support these perceptions.**
  - a) **Perception 1: STRs are a significant cause of the reduction in supply of long-term housing**
    - a.i) The data-supported conclusions of a recent economic study do not support this perception: [http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR\\_Effect\\_on\\_Housing\\_051216.pdf](http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Housing_051216.pdf)
  - b) **Perception 2: STRs increase nuisances in residential neighborhoods**
    - b.i) The data-supported conclusions of a recent nuisance study do not support this perception: [http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR\\_Effect\\_on\\_Neighborhoods\\_062816.pdf](http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Neighborhoods_062816.pdf)

## **A Proposal for the Fair Regulation of Short-Term Rentals in Santa Barbara City & County**

Given the benefits outlined above (and the fact that the negative effects of STRs have been overstated) it is easy to conclude that a set of industry regulations and local ordinances be developed to govern STRs in the public interest.

The creation of County & City Short Term Rental Ordinances will ensure the short-term industry is regulated and operates at a high standard. It will also prevent the creation of a “grey market”, whereby some owners will rent out their properties without applying for the appropriate licenses.

As partners who share a passion for the benefits of short term rentals (and who also understand the concerns of neighborhood compatibility & housing supply), we look forward to working with the County & City of Santa Barbara to create a regulatory framework that works in the public interest, and gives certainty to this important part of the economy.

We would note that nearby communities have successfully implemented short-term-rental policies to ensure they retain this industry while maximizing public good.

We believe the following items represent the over-riding principles that will allow short-term rentals to co-exist within current bylaws and zoning. These principles can be used to craft a simple and effective Short Term Rental Ordinance that ensures the benefits of STRs are realized, and negative effects are minimized (or eliminated).

- **Zoning:**

- A Short-Term Rental Ordinance (with revocable Permits) could exist within existing R-1, R-2, and R-3 zoning, without a change to the zoning regulation. Short-Term Rental Ordinances have been successfully implemented in Ventura, CA (since 2009) and Goleta, CA (since 2015). **Neither of these cities changed their zoning code to adopt regulation of short-term rentals.**
- The Revocable Short Term Rental Permit Ordinance could be written to allow a conditional exception to the “30-day minimum rental” zoning rule in residentially-zoned areas.
- In fact, where applicable, any existing “30-day minimum rental” zoning rules should not be deleted from the zoning code, because it may be used as an additional enforcement mechanism in cases where a Short Term Rental Permit is being revoked.

- **Neighborhood Compatibility:**

- **Noise, Parking, Parties, Etc.:**
  - Regulation could ensure that each registered property is assigned a maximum number of Overnight Guests, Daytime Guests, and Cars Allowed at the property at any time.
  - Outdoor Quiet Time (9:00pm), No RVs, No Parties or Hosted Events, and many other controls could be put into place to ensure neighborhood compatibility.

- Owner or Manager contact details for all registered properties could be placed on the County & City websites, with a 24/7 “2-number” call sequence to report problems.
  - Noise Management devices could be installed at all registered properties
    - *Noise Aware* is an industry-accepted automatic noise notification system which is affordable and effective
    - Please review the details at: <https://www.noiseaware.io>
  - Ventura has implemented a simple and effective “Nuisance Response Plan” system (see list of *Registered Nuisance Response Plans* at: <http://www.cityofventura.net/ft/STVR> ).
    - Short-Term Rental Permit Holders could be required to respond to nuisance complaints within a reasonable amount of time
    - Noise complaints could be registered, and response times recorded and monitored.
- **Density:**
  - Concerns about neighborhoods being “overrun” by Short Term Rentals could be addressed by limiting the percentage of short-term rentals in any given neighborhood (ex. only 5% of the residences in the neighborhood can be STRs).
- **STR Neighborhood Disturbances and Incompatibility are minor issues:**
  - Neighborhood disturbances and incompatibility comprise an extremely small percentage of the total number of reservations that happen in the County & City.
  - A recent study proves this: [http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR\\_Effect\\_on\\_Neighborhoods\\_062816.pdf](http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Neighborhoods_062816.pdf)
  - However, for neighbors who have had to suffer the negative effects of poorly managed rentals, this is a very valid issue that could be controlled and/or eliminated by regulation.
- **Housing Supply:**
  - **STRs Effect on the Long Term Housing Supply is a minor issue:**
    - Although a valid concern, it has been proven that STRs have a negligible effect on the supply and pricing of long-term housing
    - A recent study proves this: [http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR\\_Effect\\_on\\_Housing\\_051216.pdf](http://www.strsantabarbara.org/wordpress/wp-content/uploads/2015/09/STR_Effect_on_Housing_051216.pdf)
  - **Although STRs effect on the Long Term Housing Supply is a minor issue, long-term housing supply concerns could be still be addressed:**
    - The regulation could limit the amount of STRs in multi-unit & apartment housing complexes
    - The regulation could limit the percentage of short-term rentals in any given neighborhood (ex. only 5% of the residences in the neighborhood can be STRs).
- **Hotel Industry:**
  - **STR regulations could be adopted that:**
    - Minimize the “competitive threat” of STRs to Hotels
    - Require a “minimum nights” for STRs that is in excess of Hotel average stays
    - Ensure that STRs abide by most of the same regulations that govern Hotels
- **Enforcement**
  - Enforcement could be simple and easy

- The easiest and most cost-effective Ordinance to enforce is one that allows and regulates short-term rentals
    - The only difference between enforcing a Short-Term Rental Prohibition and enforcing a Short-Term Rental Regulation is that the STR Regulation enforcement will fund itself by the TOT taxes generated.
  - All registered STRs could be required to post their STR Permit # on all advertising, which will make it very easy to spot “unregistered” properties
    - Immediate action could be taken against properties not displaying a permit
    - An annual review of all published permit numbers could identify permits that were expired, suspended, or revoked.
  - In addition to County & City STR Enforcement Staff, enforcement will also be done by Professional STR Managers and STR Property Owners.
    - Managers and Owners who are “playing by the rules” will actively seek out and report properties that have an unfair advantage by not registering and collecting TOT
  - There could be large statutory and punitive financial penalties for not registering and operating within the STR Ordinance.
  - Requiring Professional Property Management for all STRs could ensure consistent standards, and would create “centralized” contact for all enforcement actions
- **Components of a successful Short-Term Rental Ordinance:**
    - **Permit Requirement:**
      - Any property owner wanting to rent for less than 30 days must have:
        - A Short-Term Rental permit
        - A Business License
        - A Transient Occupancy Tax registration certificate
          - With monthly reporting and remittance requirement
        - Compliance (and be in good standing) with all residential Building & Safety codes
      - Short-Term Rental Permit # must be posted on all advertising
    - **Surety Bond and Insurance:**
      - Permit holders must post a surety bond, and have applicable insurance.
    - **“Good Neighbor” Policies:**
      - **Limits:** Before a Short-Term Rental Permit is approved, each property must be approved for limits on the following items (limits will be relative to the size and parking availability of each property):
        - Max # of overnight Guests
        - Max # of people allowed on the property at any time
        - Max # of cars parked at property (and no RV parking)

- **Performance Standards:** Other policies to which STR Property Owners must agree:
      - No minors may be the responsible party on a Short-Term Rental Agreement
      - 9:00pm “Outdoor Quiet Time” rule
      - No parties or hosted events
      - Trash policy
      - Any other items as determined by public input on the Short Term Rental Ordinance
    - **A Nuisance Response Plan must be registered with the County or City:**
      - A two-number (and two-email address) “disturbance response” contact sequence must be provided in the plan
      - Manager and/or Owner personal contact information must be provided in the plan
  - **Violations:**
    - Not meeting any of the above conditions will be grounds for removal of a licence.
    - Offering, advertising, or renting on a short-term basis without a permit and business license will not be permitted by the industry.
- **A Model Short Term Rental Ordinance:**
  - A model Short-Term Rental Ordinance (which reflects most of the principles outlined in this paper), has been developed by the City of Ventura, CA.
  - This Ordinance has been used successfully since 2009
  - The County & City of Santa Barbara can use this as a template for their Short Term Rental Ordinances
  - <http://www.cityofventura.net/files/file/finance-tech/stvr/STVR%20Ordinance%202009-004.pdf>