Short Term Rental

Finance: Juliana Demers, Revenue Manager
Planning: Eduardo Schonborn, AICP, Principal Planner
What’s been done so far...

- City Council direction: November 2016
- South Bay COG
- Public input: Community Survey
- City Team: Planning, Finance, Police, Fire & city attorney
- Planning Commission: July and August 2017
- Chamber of Commerce and EDAC
Options

1. Ban
2. Do nothing
3. Permit STRs with controls
Option #1: Ban short term rentals

- Increase expenditures
- Lose opportunity to collect TOT
- Generally does not work
$150  Quiet Little Place
Entire apartment · 1 bed
1 review

$64  Amazing Beach Cliffs Location!
Private room · 1 bed
★★★★★ 266

$150  Great Location at Rancho PV
Private room

$150  Townhouse in RPV
Entire house · 5 beds

1 of 52 Reviews
$89  Traditional California
Private room · 1 bed
⭐⭐⭐⭐⭐ 15 · Superhost

$399  "It's like staying at a Five-Star Res...
Entire house · 4 beds
⭐⭐⭐⭐⭐ 12

$120  Coastal Haven
Private room · 1 bed
⭐⭐⭐⭐⭐ 56 · $5

$149  South Bay Mountain Coast House
Entire house · 2 beds
⭐⭐⭐⭐⭐ 11

(of 35 Res)
Option #2: Do nothing

- Loss of revenue opportunity
- Unfair competition
Option #3: Permit STRs with Controls

- Short Term Rental Permit process
  - Standard conditions minimize impacts
  - Additional revenue
    - Business licenses
    - TOT
  - Revenue for enforcement and pursue violators
STR Permit Process

City Business License
Business Tax, Permits, Renewals

• No outstanding debt with City
• Need Business License
• STR Permit
## STR Permit Process

<table>
<thead>
<tr>
<th>City Business License</th>
<th>Planning</th>
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<tbody>
<tr>
<td>Business Tax, Permits, Renewals</td>
<td>Zoning, Ownership verification</td>
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</table>

- Verify ownership
- Verify Operational Conditions
  - Number of guests
  - On-site parking must be available
  - No advertising signage
  - No trash in public view
  - No unreasonable noise
STR Permit Process

- City Business License
  - Business Tax, Permits, Renewals
- Planning
  - Zoning, Ownership verification
- Fire
  - Inspections

• Life & Safety Inspections
STR Permit Process

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<td>Finance</td>
<td>TOT, Audits</td>
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- 12% transient occupancy tax due monthly
- Monitoring for compliance
**STR Fees and License Required to Operate**

- **New Registration Application**
  - $250.00

- **Yearly Renewal Registration**
  - $150.00

- **Business License Fee**
  - $103.00

- **TOT**
  - 12% of total gross receipts (minus exemptions)

**Case Study:** Net Rent Revenue $22,500 based on 150 days @ $150.00

**First year:**
- Registration Fee: 250
- Business License: 103
- TOT (12% GR): 2700
- **Total:** $3053

**Following years:**
- Registration Fee: 150
- Business License Fee: 103
- TOT (12% GR): 2700
- **Total:** $2953
## City Revenues

<table>
<thead>
<tr>
<th>Case Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of STRs</td>
</tr>
<tr>
<td>Number of Rental Days</td>
</tr>
<tr>
<td>Average Daily Rate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First Year</th>
<th>Following Years</th>
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<tbody>
<tr>
<td>Registration Fee</td>
<td>25,000.00</td>
</tr>
<tr>
<td>Business License</td>
<td>10,300.00</td>
</tr>
<tr>
<td>TOT</td>
<td>270,000.00</td>
</tr>
<tr>
<td><strong>$305,300.00</strong></td>
<td><strong>$295,300.00</strong></td>
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## STR Permit Process

<table>
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<th>Department</th>
<th>Services Provided</th>
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<td><strong>Police &amp; Code Enforcement</strong></td>
<td>Violations, Enforcement</td>
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