

SHORT-TERM RENTALS IN BERKELEY: UPDATE & NEXT STEPS

City Council Worksession, October 22, 2019

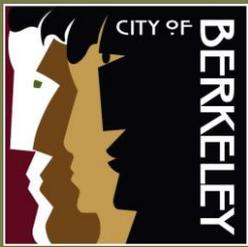


Presenters:

**Timothy Burroughs, Director, Planning and
Development Department**

**Henry Oyekanmi, Director, Finance
Department**

Farimah Brown, City Attorney



PRESENTATION OVERVIEW

- Ordinance purpose & overview
- Compliance & enforcement
- Revenue generated from ordinance implementation
- Agreements with host platforms
- Current legal landscape
- Next steps, questions & discussion

ORDINANCE PURPOSE & OVERVIEW

- Ordinance designed to ***protect long-term rentals and affordable housing and to preserve neighborhood livability***
- Ordinance adopted on April 1, 2017; implementation began in September 2017
- www.cityofberkeley.info/str provides guidance and registration
- STRs only allowed under certain specific conditions

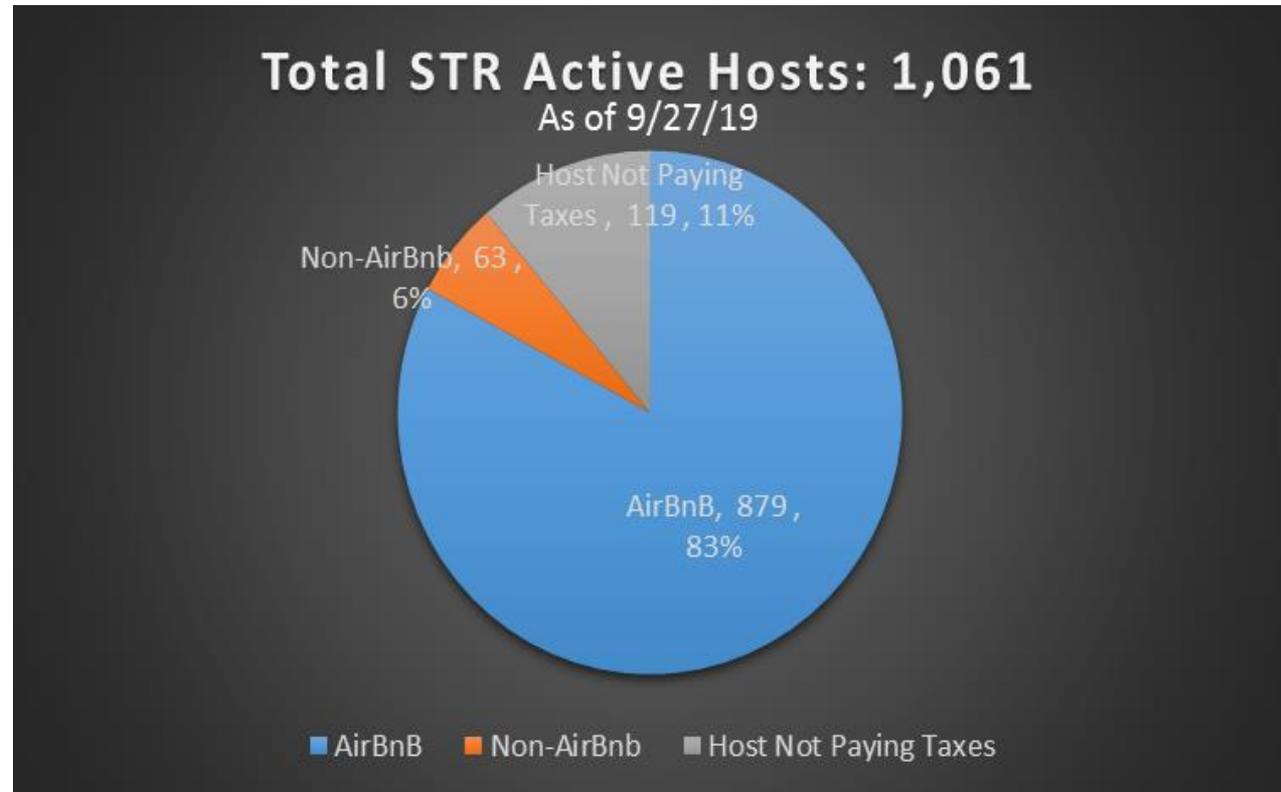


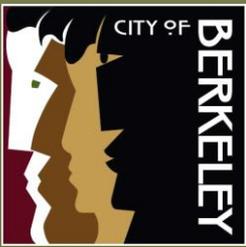


ORDINANCE IMPLEMENTATION & COMPLIANCE

- Extensive outreach conducted in advance of compliance deadline
- 517 applications for Zoning Certificates (ZC-STR) received via City's online portal to date
- 389 ZC-STR applications approved (99 denied, others withdrawn or are under review)
- Host Compliance (City contractor) estimates ~1,061 active hosts in Berkeley (number fluctuates)
 - Of the ~700 unregistered hosts, an estimated 85% are listed on AirBNB, which remits annual tax to City
- Unregistered hosts may not significantly affect City revenue, but they are not in compliance with City ordinance

ESTIMATED NUMBER OF ACTIVE STR HOSTS





GENERAL FUND REVENUE GENERATED

- Hosts remit 12% of gross rental income for Transient Occupancy Tax (TOT)
- FY 2019 generated \$1.8 million (89% of revenue from AirBNB agreement)

	FYE18*	FYE19	% increase
Gross TOT revenue from STRs	\$1.05 million	\$1.8 million	71%
* FYE18 revenue collection began Dec 2017			



ORDINANCE ENFORCEMENT

- Enforcement is both reactive (e.g., responding to neighbor complaints) and proactive
- 128 enforcement cases to date (48 reactive, 80 proactive)
- 96% of cases (all but 5) were in compliance within 30 days
- 19 citations issued (\$10,200 in fines)

- Planning Department recently hired new Associate Planner for enforcement – tasked with enforcement of STR Ordinance



AGREEMENTS WITH HOSTING PLATFORMS

Voluntary Collection Agreement with AirBnB:

- Effective 12/1/17
- Collect and remit monthly TOT
- Accounts for nearly 90% of TOT remitted to City from STRs
- Only aggregate information provided - no details on individual listings, Hosts, stay durations
- City currently working on proposed new agreement with another Hosting platform

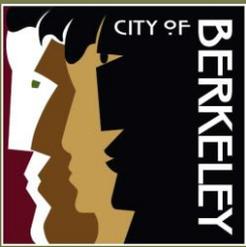


CURRENT LEGAL LANDSCAPE

Range of approaches exist in other cities...

Santa Monica Ordinance:

- Requires Host presence on-site during all STR uses
- Requires Platforms to provide detailed info on each listing to City, and to remit all TOT due
- Requires Platforms to remove listings by Hosts not registered with City
- Upheld by Ninth Circuit Court of Appeals. Deadline to appeal to Supreme Court 11/14/19.



CURRENT LEGAL LANDSCAPE

Range of approaches exist in other cities...

San Francisco Ordinance:

- Legal challenge by HomeAway and AirBnB resolved in 2017
- Requires hosts to register with City
- Platforms must pull unregistered listings
- Limits whole-home rentals to 90 days/year
- Limited to permanent, full-time San Francisco residents



CURRENT LEGAL LANDSCAPE

Range of approaches exist in other cities...

South Lake Tahoe Ordinance:

- Voters approved measure prohibiting short-term rentals in residential areas
- Exemption for full-time residents (may rent out home for 30 days/year)
- Property owners are challenging constitutionality of restrictions



DISCUSSION OF NEXT STEPS

- Consideration of any ordinance amendments, based on lessons learned in Berkeley and other cities
- Enforcement – accelerate and be strategic
- Host platform agreement next steps