

Recommended Improvements to the Short Term Rental Ordinance

The 2021 Short Term Rental (STR) Ordinance created a licensing framework and brought transparency to the city's STR listings, but it is not fulfilling its intent. Many owners are exploiting the ordinance to the detriment of residents, visitors, and small-time hosts. We request that the City consider the following changes to improve the STR ordinance:

Prevent Property Owners From Obtaining Multiple STR Licenses

Currently, only one license is allowed per natural person, but a loophole allows owners to obtain many (100+) licenses. Owners accomplish this by listing a different 'proxy host' name on each license application who may have no connection to the property or hosting duties. This allows commercial operators to dominate the STR market and convert entire apartment buildings to de-facto hotels that would otherwise be lower-cost long term housing. This loophole also allows an owner to transfer the STR license upon sale, or to reapply under a different name if their license is revoked.

Recommendation:

- Restrict Tier 3 & 4 licenses to a natural person with ownership interest in the property. *Renters and 3rd party managers may still operate and profit from STRs under this restriction.*
- Restrict Tier 3 & 4 licenses to 25% of units in a building (or 2 units, whichever is greater).
- If a license is revoked, no new licenses shall be issued on the parcel for 1 year.

Limit Over-Concentration of Licenses within Neighborhoods

The ordinance allows for the over-concentration of STRs in a few neighborhoods, thus impacting housing availability and affordability.

Recommendation:

- Implement the Planning Commission's 2020 amendment to cap licenses per area (Community Planning Area).

Improve Enforcement and Hold Booking Platforms Accountable

Airbnb and other platforms are not complying with the ordinance. They are allowing unlicensed listings, 1-night stays, and are not removing existing bookings when the City requires a listing be removed. New York City is a successful example of pursuing fines to get hosting platforms to comply. Also, some hosts are operating full-time unhosted STRs illegally under Tier-2, to avoid license caps and fees. The city has difficulty in enforcing booking limits on these units.

Recommendation:

- Provide the platforms a list of valid STR licenses and exempted properties (hotels) against which the platforms must validate listings.
- Enforce the ordinance and penalize the platforms with specific fines for non-compliance.
- Require Tier-2 hosts to report booking activity to the City.

Signed,