

From: Files, Cathy
To: Agenda Alerts
Subject: FW: STR Study Session 3/19/24
Date: Monday, March 18, 2024 5:30:04 PM
Attachments: FILE_9339.xlsx

From: Keith.Bohr <keith.bohr@gmail.com>
Sent: Monday, March 18, 2024 5:24 PM
To: CITY COUNCIL (INCL. CMO STAFF) <city.council@surfcity-hb.org>
Cc: Parra, Eric (PD) <EParra@hbpd.org>; Villasenor, Jennifer <JVillasenor@surfcity-hb.org>; Backstrom, Alisa <Alisa.Backstrom@surfcity-hb.org>; Estanislau, Robin <Robin.Estanislau@surfcity-hb.org>; Kelly Miller <Kelly@surfcityusa.com>; Gates, Michael <Michael.Gates@surfcity-hb.org>; Hopkins, Travis <thopkins@surfcity-hb.org>; Backstrom, Alisa <Alisa.Backstrom@surfcity-hb.org>
Subject: STR Study Session 3/19/24

Hello Mayor, City Council & Staff,

I read the subject presentation stating City's revenue numbers of \$287,570 (10% TOT) for 54 non hosted permits for the full year of 2023. \$287,570/54=\$5,325 in TOT per permit, which equates to \$53,254 in gross revenues per permitted non hosted unit (all in Sunset Beach).

Using the going overall HB Occupancy rate of 57%, i.e. 208 days, results in an Avg Daily Rate (ADR) of \$256.03. \$53,254/208=\$256.03

That ADR is way under the market rate for non hosted units which range from \$400-\$3,200 a night in Sunset.

Assuming the City's non hosted \$287,570 revenue number for 54 non hosted permits is correct, then one can only conclude the hosts are under reporting their revenues to the city by approximately 64%!

So to the extent the City is considering allowing the issuance of non hosted permits outside of Sunset Beach, it should have an accurate estimate of the resulting TOT revenues. Please refer to the spreadsheet below.

In short, even using conservative assumptions of an ADR of \$420 and Occupancy at 57%, the resulting TOT to the City would be \$8,736 per every operating un hosted unit.

\$420 x 208 days (57%) = \$87,360 in gross annual revenue to operator, \$87,360 x 10% = \$8,736 in TOT

100 Un Hosted Permits
100 x \$8,736 = \$873,600 in new TOT annually

A less conservative, very achievable City TOT income stream is \$10,000 per un hosted unit, 208 days x \$481 ADR = \$100,048 x 10% = \$10,004 TOT per unit

For every 100 unhosted permits
100 x \$10,004 = \$1,000,400 TOT annually, not to mention 4% (\$400k) to VHB

The City has the data it needs to check these numbers. Take the 54 unhosted permits in Sunset Beach, excluding some the "outlier" homes located on South Pacific (on the sand) like this one at \$3,195 per night!

 **Sunset Beach**
May 17 - 19 (±1) · 6 guests 



Home in Huntington Beach ★ 5.0 (83)
The Sands - Luxury family friendly beac...
4 beds · 3 bedrooms
May 17 - 19
\$3,195 night · \$7,777 total

SUPPLEMENTAL COMMUNICATION

Meeting Date: 3/19/2024

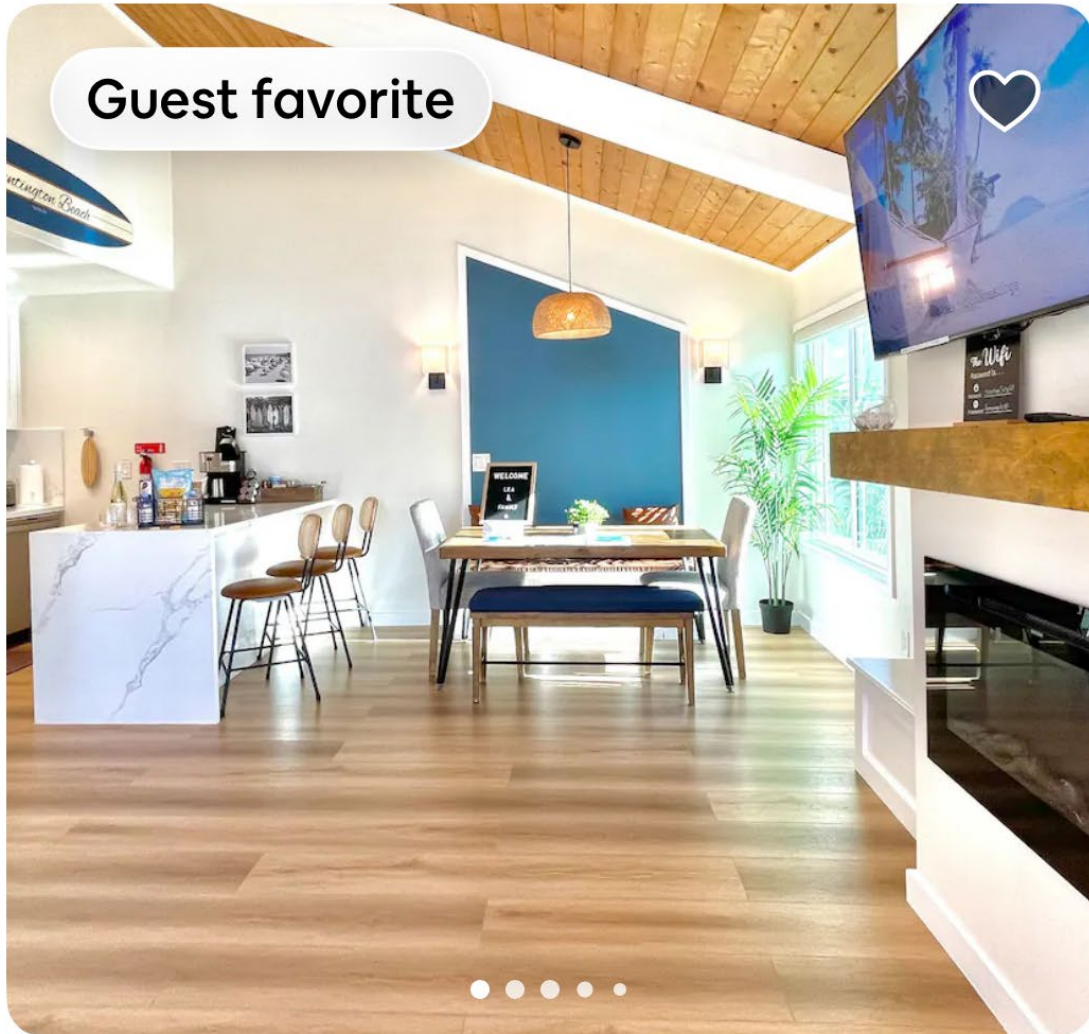
Agenda Item No.: SS 2 (24-185)

and then look at the actual listings on Airbnb to determine the actual ADR's which range approximately from \$400-\$900. Please note, these are May weekend rates not heart of prime summer season...



Sunset Beach

May 17 – 19 (±1) · 6 guests



Townhouse in Huntington Be... ★ 5.0 (23)

PartialOceanViews-Steps2Sand-WIFI-E...

Playroom · Game console · Kids' bike

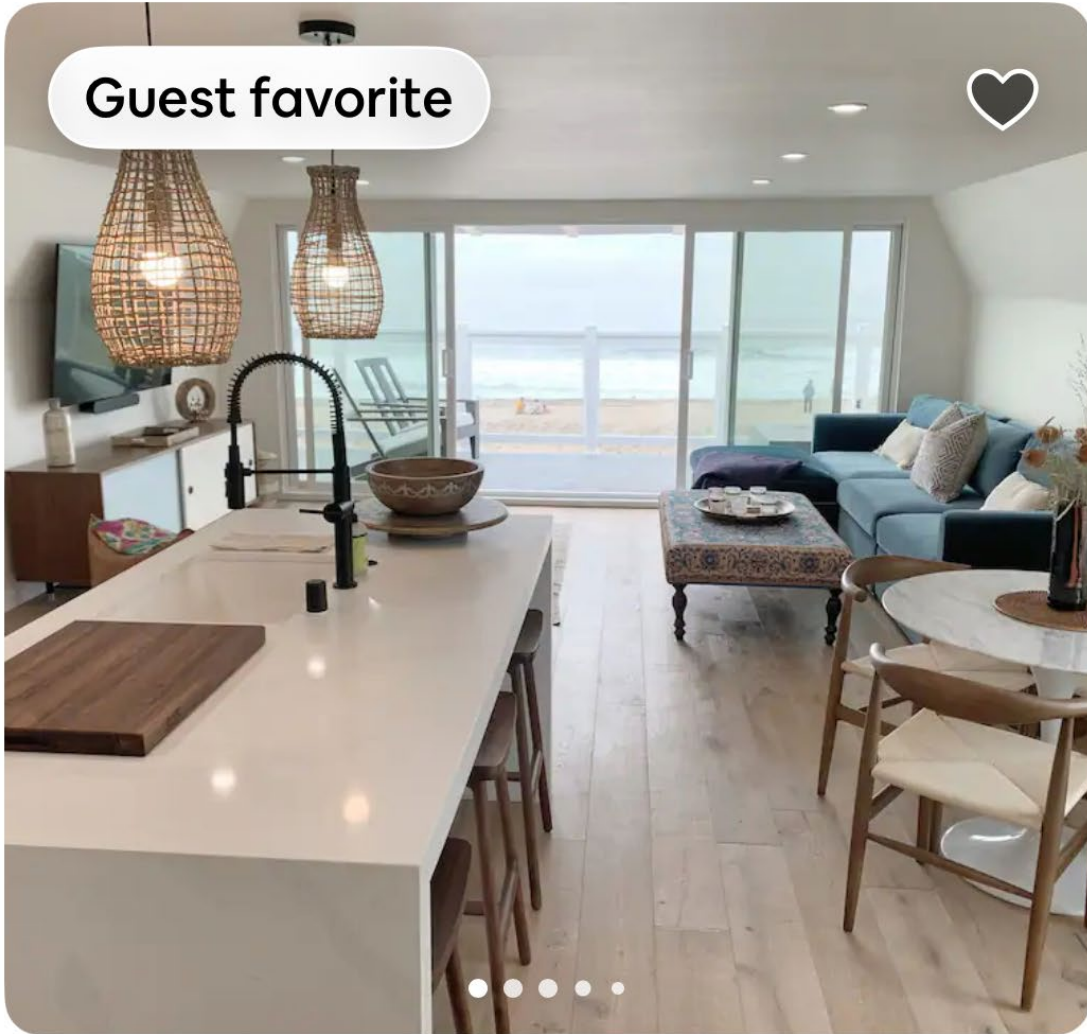
May 16 – 18

~~\$659~~ **\$587** night · \$1,654 total



Sunset Beach

May 17 – 19 (±1) · 6 guests



Condo in Huntington Beach ★ 4.97 (68)

Oceanfront Penthouse On Sand - Epic V...

3 beds · 2 bedrooms

May 17 – 19

\$927 night · \$2,371 total

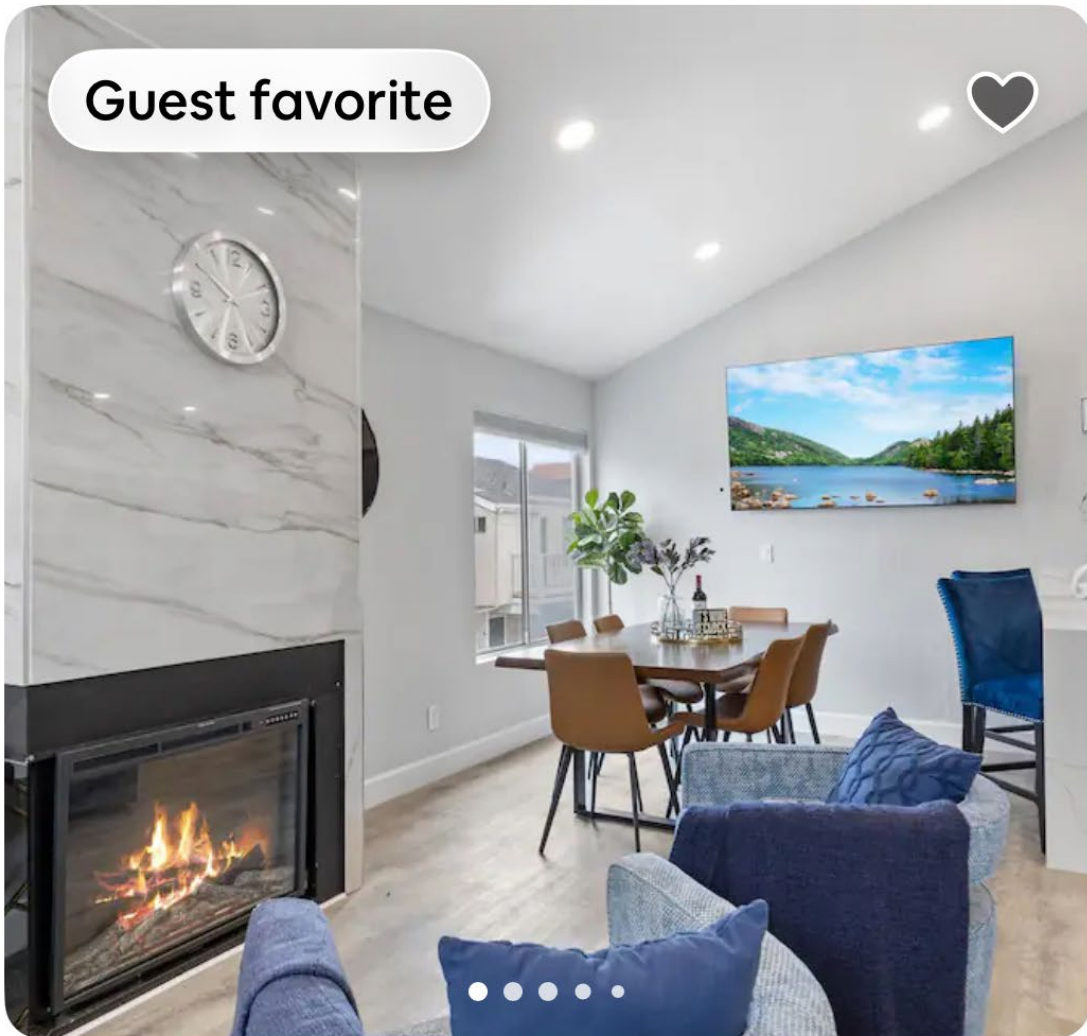


Sunset Beach

May 17 – 19 (±1) · 6 guests



Guest favorite



Condo in Huntington Beach ★ 5.0 (23)

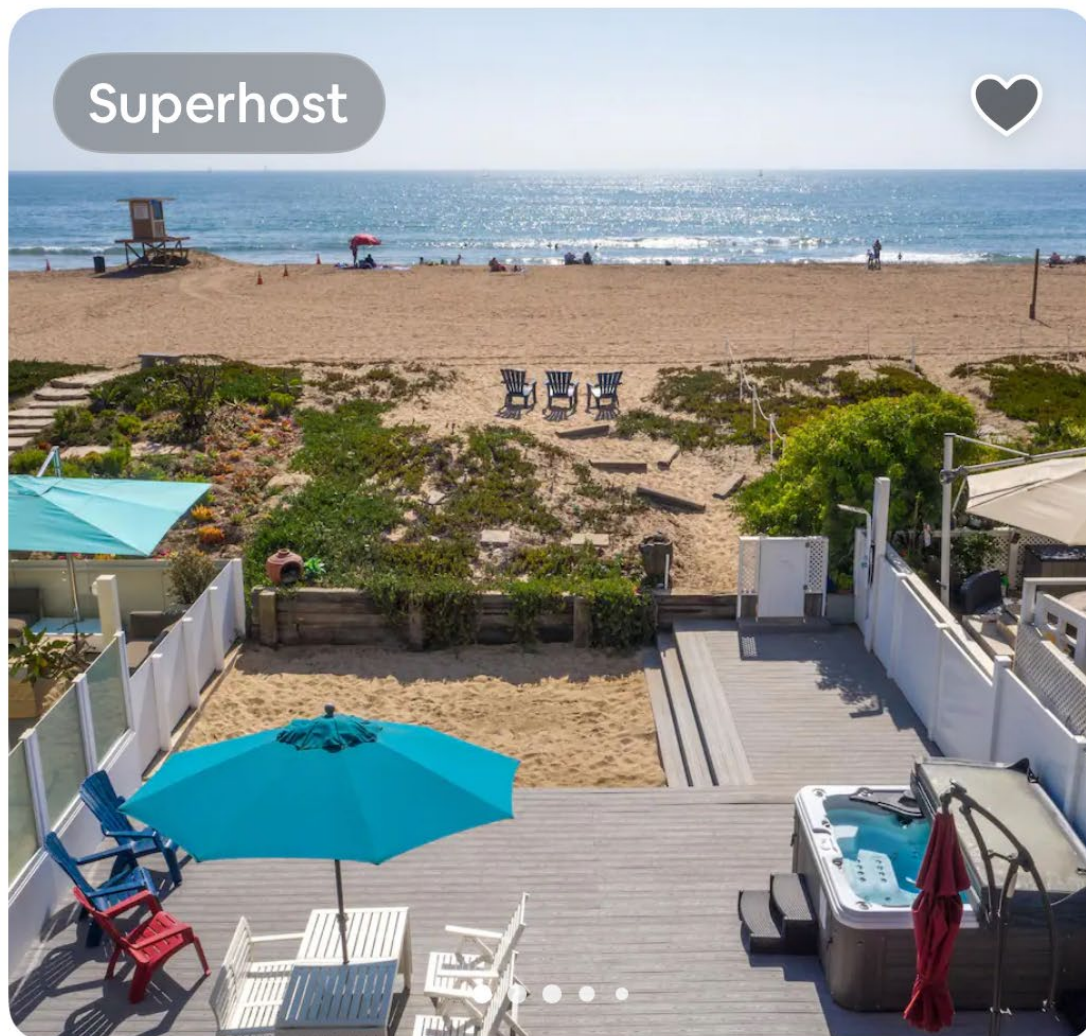
Seareenity Suite-Peekaboo Ocean view,...

Playroom · Arcade machine · Kids' bike

May 17 – 19

\$400 night + \$1,410 total

\$490 night · \$1,449 total



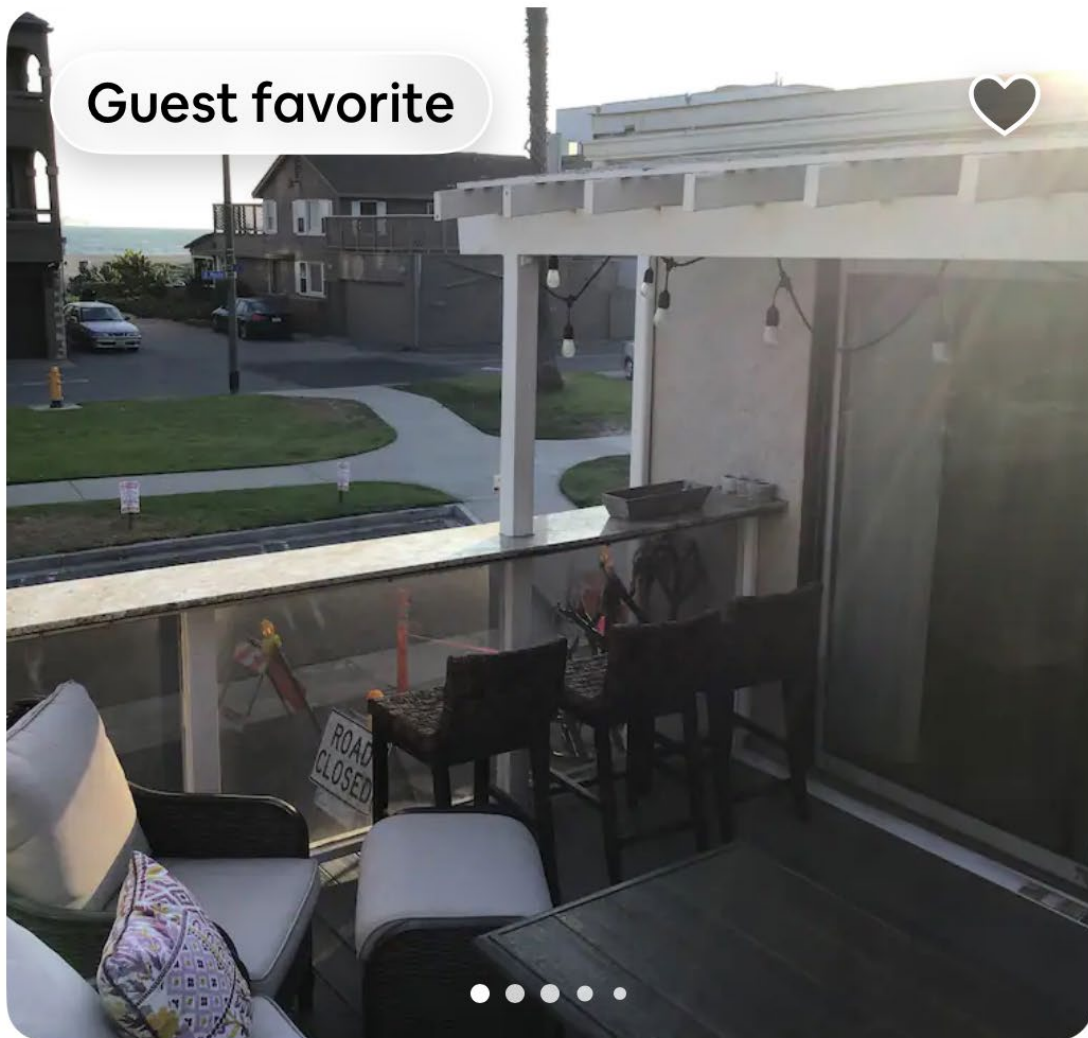
Home in Huntington Beach ★ 4.91 (43)

March 10% Off - Beachfront House w/Sp...

4 beds · 2 bedrooms

May 16 – 20

\$750 night · \$3,823 total



Home in Huntington Beach ★ 4.92 (79)

Cozy beach house steps from the sand

5 beds · 3 bedrooms

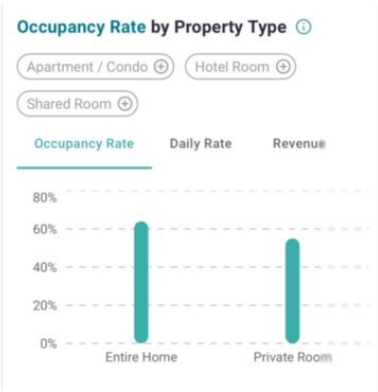
May 17 – 20

\$425 night · \$1,678 total

Market Details: Huntington Beach

 Map  Dashboard  Discovery

Overview Supply ADR Occupancy H



Thank you for your consideration of this data.

Thank you,
Keith Bohr, Broker
TEAM Real Estate
Huntington Beach, CA. 92648
CA DRE License #01216667
714-315-2143 cell

3/19/24 City Council Study Session STR Update City Data in Blue

2023	Annual 10% TOT	# of Permits	TOT per Permit	Annual Revenue Per Permit	Days of Occupancy (50%)	Nightly Avg. Rate	Days of Occupancy (57%)	Nightly Avg. Rate	Days of Occupancy (64%)	Nightly Avg. Rate
Hosted	\$698,344	150	\$4,656	\$46,556	182	\$255.80	208	\$223.83	234	\$198.96
					0					
Non Hosted	\$287,570	54	\$5,325	\$53,254	182	\$292.60	208	\$256.03	234	\$227.58
					Low	Low	Low	Low	Low	Low

Green Better Represents True Market Values

2025	Annual 10% TOT	# of Permits	TOT per Permit	Annual Revenue Per Permit	Nightly Avg. Rate	Days of Occupancy (57%)
Non Hosted	\$471,744	54	\$8,736	\$87,360	\$420	208
	\$287,570					
	\$184,174					
Increase of 64.04%						
	\$873,600	100	\$8,736	\$87,360	\$420	208
	\$1,747,200	200	\$8,736	\$87,360	\$420	208
	\$2,620,800	300	\$8,736	\$87,360	\$420	208
	\$3,494,400	400	\$8,736	\$87,360	\$420	208

From: [Levin, Shannon](#)
To: supplementalcomm@surfcity-hb.org
Subject: FW: STR Study Session 3/19/24 TOT/TBID Collection and Remittance
Date: Tuesday, March 19, 2024 8:47:41 AM
Attachments: [Logo for Apple Email.png](#)

From: Kathryn Levassiur <levassiurk@gmail.com>
Sent: Tuesday, March 19, 2024 8:39 AM
To: CITY COUNCIL (INCL. CMO STAFF) <city.council@surfcity-hb.org>
Cc: Parra, Eric (PD) <EParra@hbpd.org>; Villasenor, Jennifer <JVillasenor@surfcity-hb.org>; Backstrom, Alisa <Alisa.Backstrom@surfcity-hb.org>; Estanislau, Robin <Robin.Estanislau@surfcity-hb.org>; Kelly Miller <Kelly@surfcityusa.com>; Gates, Michael <Michael.Gates@surfcity-hb.org>; Hopkins, Travis <thopkins@surfcity-hb.org>
Subject: STR Study Session 3/19/24 TOT/TBID Collection and Remittance

Dear Mayor Van Der Mark and HB City Council Members,

In anticipation of today's STR study session for council consideration, I plan to mention in my public comments about how current TOT/TBID STR totals are underreported to the city. The process requires STR operators to manually collect taxes from their guests and remit them to the city. For many permit holders, this is a daunting request. They simply don't know how to do it properly, or even how to collect the taxes at all.

There is a solution to automate the collection process for operators who list on major booking platforms, like Airbnb and Vrbo, so that the 14% is automatically collected during booking transactions and sent to operators as an additional payouts. For Airbnb, it is done through [Professional Host Tools](#). Operators would then make the quarterly payments to MuniRevs. Educating people about how to do this could be a partnership between our alliance, the City of HB and VHB to conduct workshops on how to set up the process in the operator's listing settings to automatically collect the 14% TOT/TBID taxes, generating more tax revenue.

I have not spoken to VHB about this idea yet, but the upside is that the city and VHB would receive more taxes on the existing STRs and collect even more taxes if council expands the current ordinance to include allowing some unhosted STR operators in Huntington Beach to apply and qualify for unhosted permits. I encourage the city and VHB to seriously consider this idea.

As an active City of HB STR permit holder, I am well qualified to share information on how operators can automate tax collection, with someone from the city sharing information about submitting payments to MuniRevs and VHB hosting and promoting workshops with its allotted budget for STRs. I can also send an email splash through Airbnb to ALL Huntington Beach/Sunset Beach hosts to promote workshops, which could be held on an annual and/or quarterly basis at VHB or in a meeting room in the council chambers.

In closing, I also want to ask that you consider getting an [Airbnb City Portal](#), which are available to

city governments and DMOs like VHB. The City of Orange got an Airbnb City Portal last year. I encourage you to reach out to the City of Orange City Manager for further information about its Airbnb City Portal and what services Airbnb offers to Orange.

Thank you for your consideration of what I think is a winning strategy for all STR stakeholders in Huntington Beach.

Sincerely,
Kathryn Levassiur
Huntington Beach Short-Term Rental Alliance
Cell: 714.343.7931
Email: info@hbstra.org | Website: <https://www.hbstra.org/>

