

# SHORT-TERM RENTAL STUDY SESSION

City of Huntington Beach  
September 3, 2019

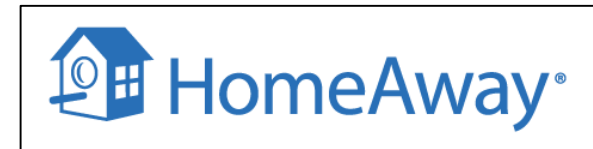


# AGENDA

- 1 Background
- 2 Huntington Beach Context
- 3 Short-Term Rentals in Huntington Beach
- 4 Case Studies
- 5 Discussion

# The Sharing Economy

- **Peer-to-peer consumer market** for goods and services
- Result of **technological advancements**, primarily the internet, that allow for easy transactions
- **Impacting the broader economy**: transportation, financial services, lodging
- Sharing economy profits estimated to grow from \$15 billion in 2014 to **\$335 billion by 2025**
- Airbnb offers **more rooms than the largest hotel companies**



# What is a Short-Term Rental

***A home, or portion of a home, rented by paying guests for short stays (30 days or less)***

## Potential Advantages

- Supplemental income
- New lodging opportunities
- City revenue
- Increase utilization of un-used rooms or homes

## Potential Disadvantages

- Increased competition for housing
- Change in neighborhood character
- Enforcement challenges

# HUNTINGTON BEACH CONTEXT

# Huntington Beach Context

## Huntington Beach Housing Stock by Unit Type

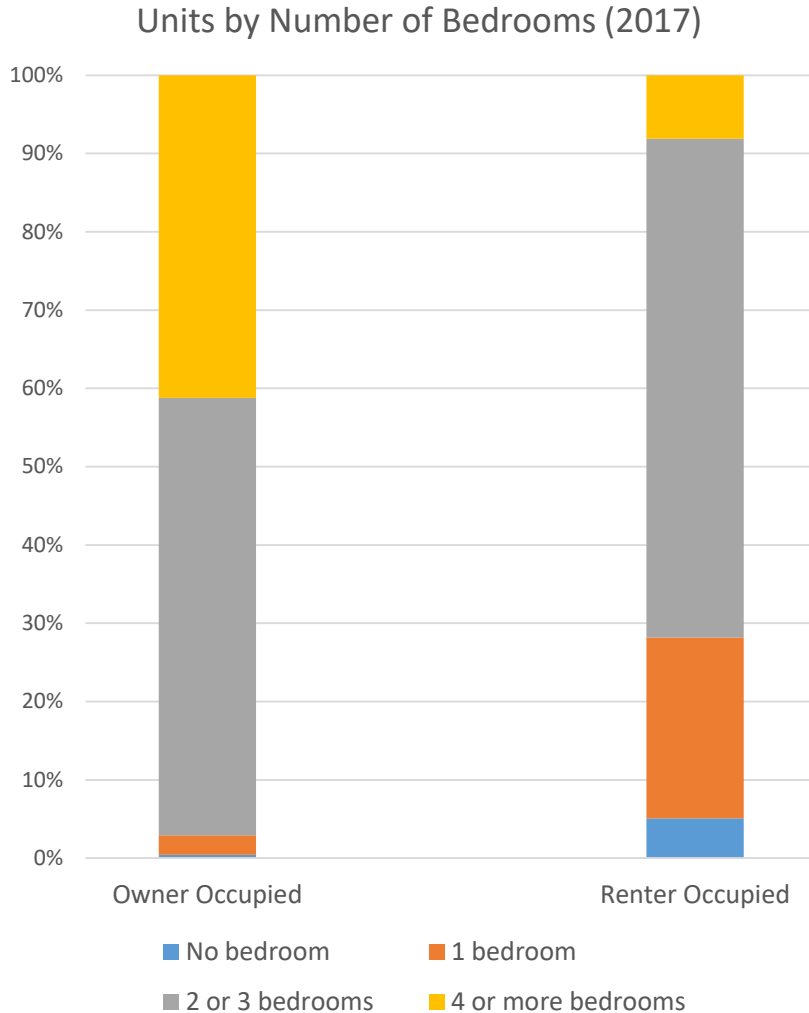
### Housing Type by Units: 2018

Housing Type	Number of Units	Percent of Total Units
Single Family Detached	39,126	47.9 %
Single Family Attached	9,464	11.6 %
Multi-family: 2 to 4 units	9,665	11.8 %
Multi-family: 5 units plus	20,314	24.9 %
Mobile Home	3,087	3.8 %
<b>Total</b>	<b>81,656</b>	<b>100.0 %</b>

- Most units are single family homes or in complexes that contain five or more units
- About a 60/40 split between owner and renter-occupied units

Source: California Department of Finance, E-5, 2018  
SCAG Local Profiles Report 2019

# Huntington Beach Context

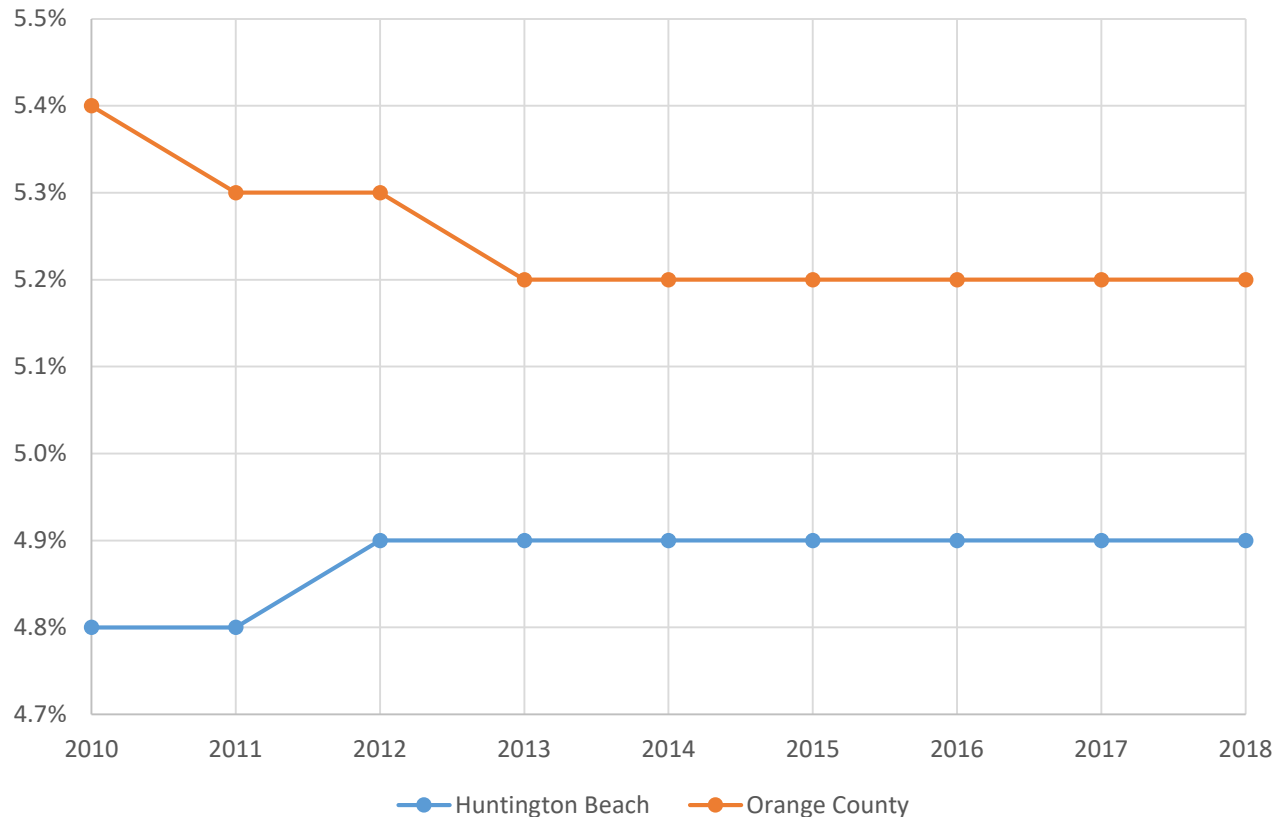


- **59% are two- or three- bedroom units**
- **11% are one-bedroom units**
- **Owner-occupied units typically have more bedrooms**
- **Renter-occupied units are more diverse, but have higher rates of one-bedroom and studio units**

*Source: U.S. Census Bureau, 2012-2017, American Community Survey, 5-year Estimate: Table B25042*

# Huntington Beach Context

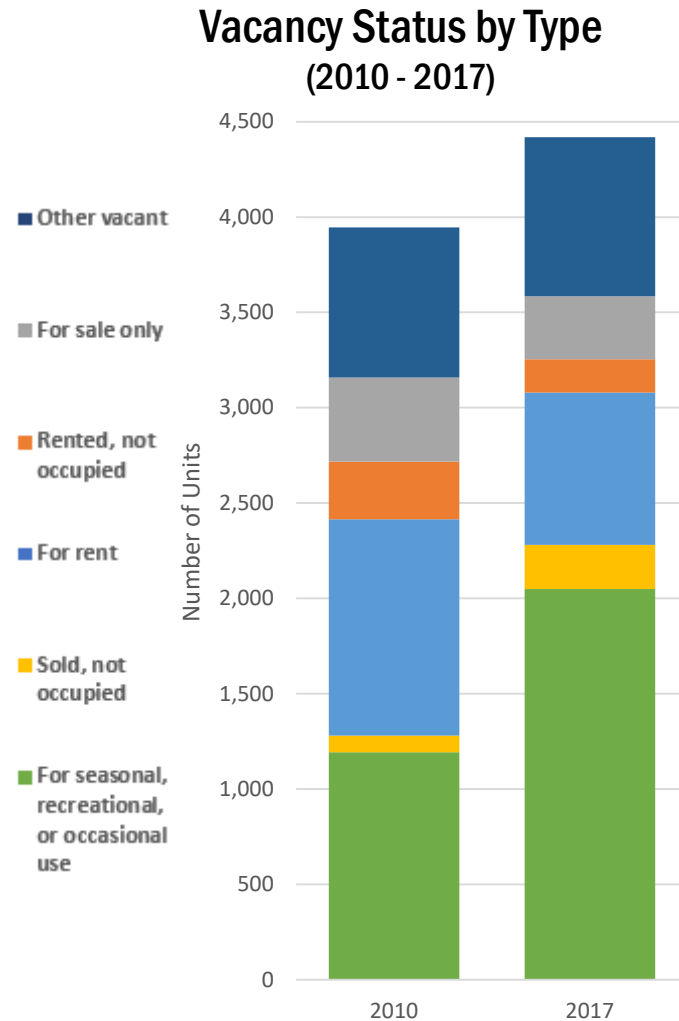
Residential Vacancy Rates (2010-2018)



- **Huntington Beach has a lower vacancy rate than Orange County**
- **Vacancy rates have remained stable over the past five years**

Source: California Department of Finance, E-5, 2018

# Huntington Beach Context



Source: U.S. Census Bureau, 2013-2017, 2006-2010, American Community Survey, 5-year Estimates, DP04, Table B25004

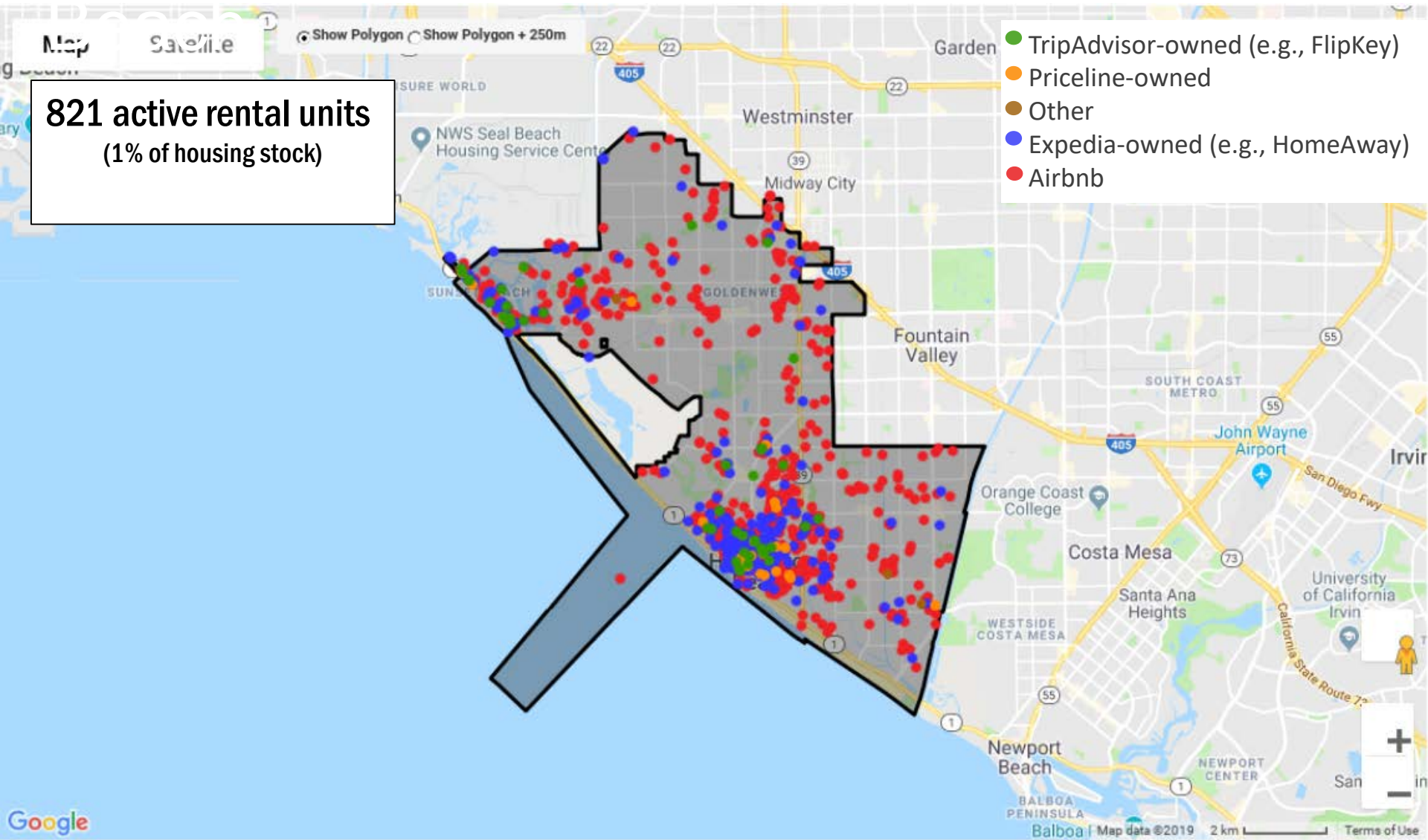
- The number of vacant units increased from 2010 to 2017 (up 12% or 473 units)
- “For seasonal, recreational, or occasional use” increased 72% (857 units)

# SHORT-TERM RENTALS IN HUNTINGTON BEACH

# Short-Term Rentals in Huntington

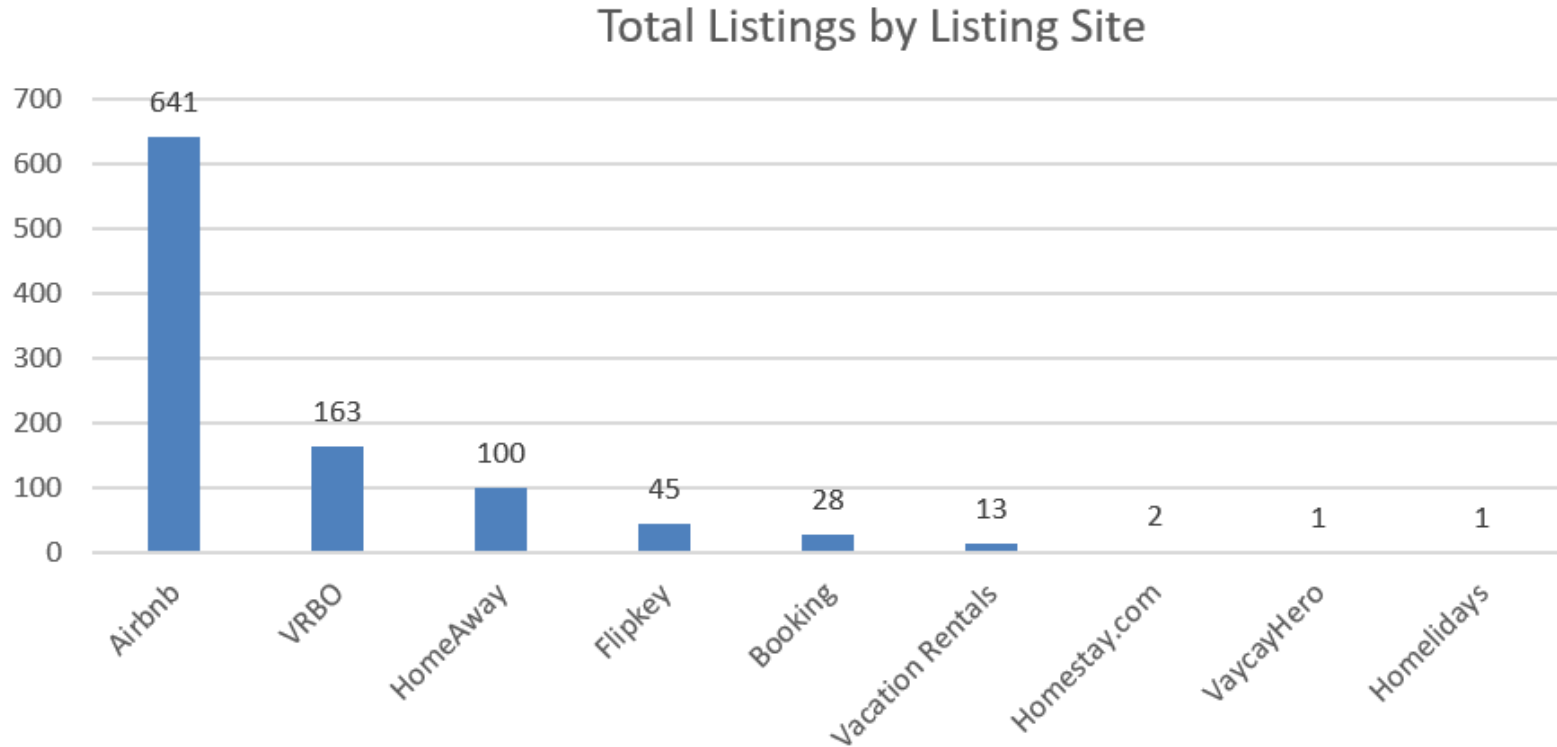
**821 active rental units**  
(1% of housing stock)

- TripAdvisor-owned (e.g., FlipKey)
- Priceline-owned
- Other
- Expedia-owned (e.g., HomeAway)
- Airbnb



Source: Host Compliance

# Short-Term Rentals in Huntington



Source: Host Compliance

Airbnb – 65%

VRBO – 16%

HomeAway – 10%

# Short-Term Rentals in Huntington Beach

## Listing Types



● Single Family [72%]  
● Multi Family [28%]  
● Unknown [0%]



● Partial Home [27%]  
● Entire Home [73%]  
● Unknown [0%]

Source: Host Compliance

**Single-Family listings – 591**  
**(1.1% of Single-Family housing stock)**

**Multi-Family listings – 230**  
**(0.7% of Multi-Family housing stock)**

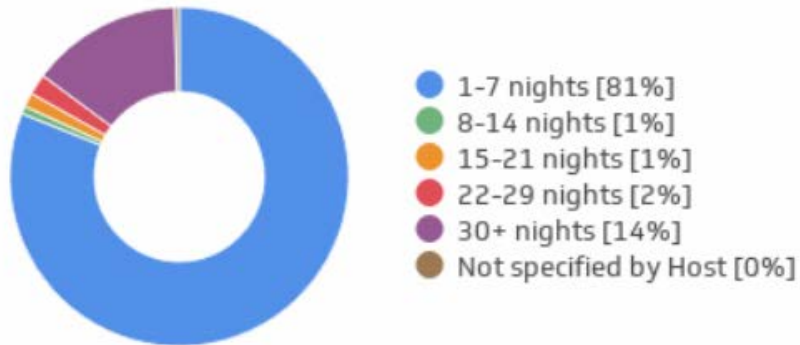
Dept. of Finance Table E-5

**Partial home listings – 222**

**Entire home listings – 599**

# Short-Term Rentals in Huntington

## Minimum Nights



Source: Host Compliance

81% require minimum length of stay between one and seven nights:

- 49% 1-2 nights
- 17% 3 nights
- 14% 4-7 nights

# Short-Term Rentals in Huntington

## Nightly Rate



Source: Host Compliance

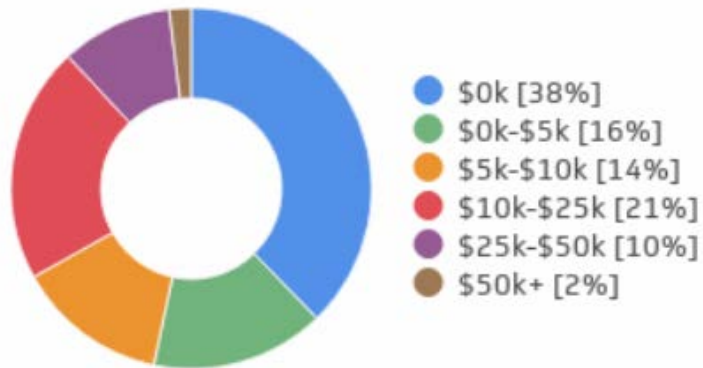
**29% listed for no more than  
\$100/night**

**24% listed for \$100 - \$200/night**

**39% listed for more than  
\$200/night**

# Short-Term Rentals in Huntington

## Estimated Annual Rental Revenue to the Property Owner



Source: Host Compliance

**30% estimated to make no more than \$10,000/year in revenue**

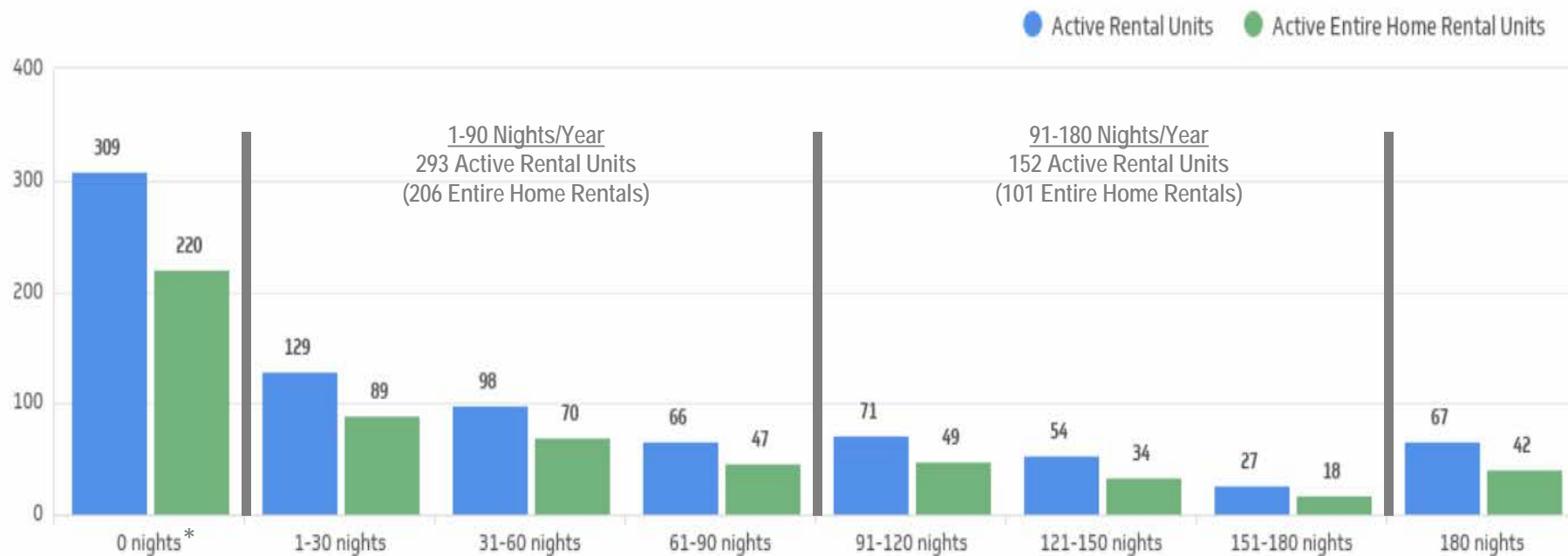
**12% estimated to make \$25,000+/year in revenue**

**38% do not have adequate data to estimate revenue\***

\* STR listed in the past 12 months with no bookings

# Short-Term Rentals in Huntington

## Estimated Annual Nights Rented

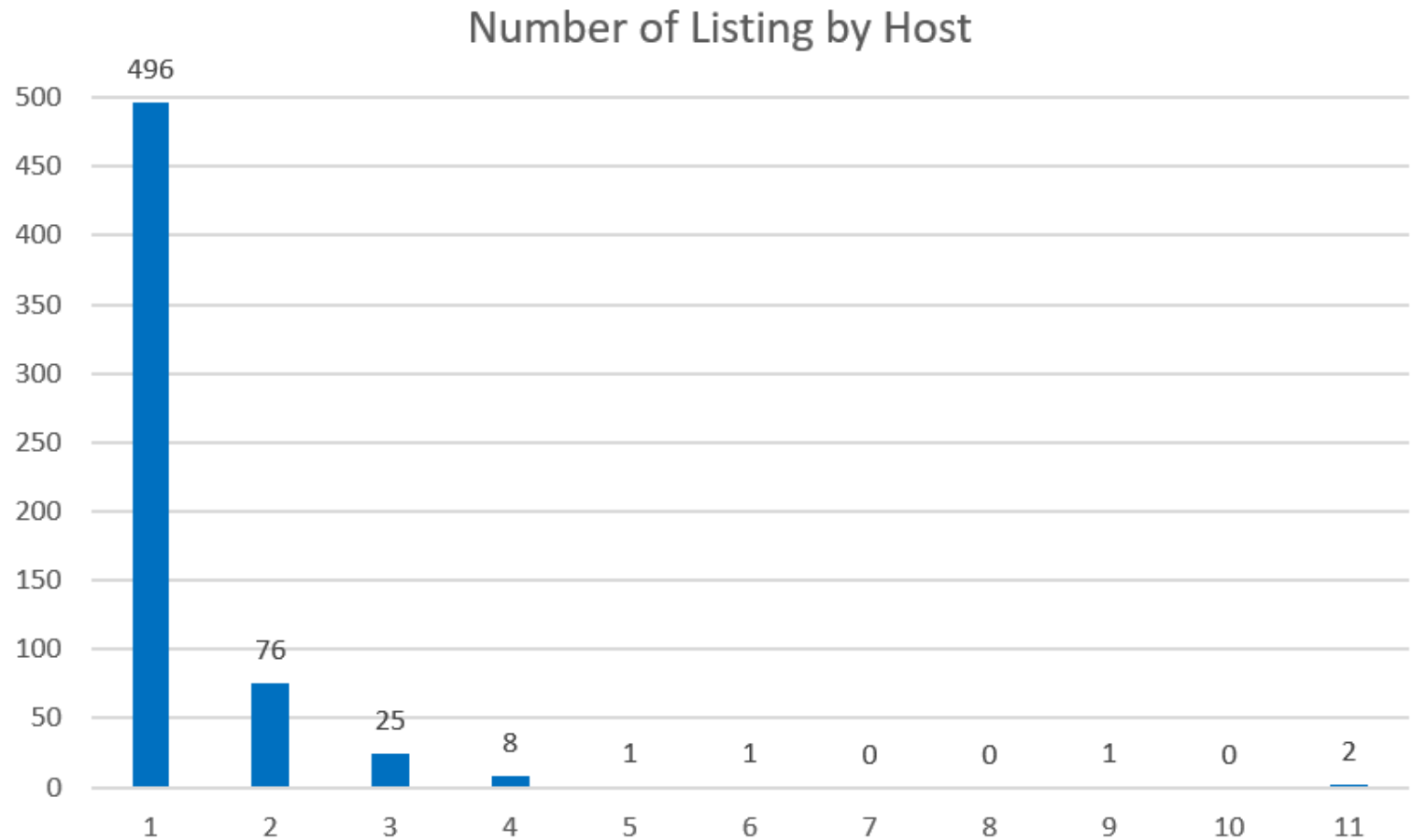


\* STR listed in the past 12 months with no bookings

Source: Host Compliance

**27% are estimated to be rented for more than 90 days/year**

# Short-Term Rentals in Huntington



Source: Host Compliance

**19% of hosts have more than one STR (this may be understated)**

# CASE STUDIES

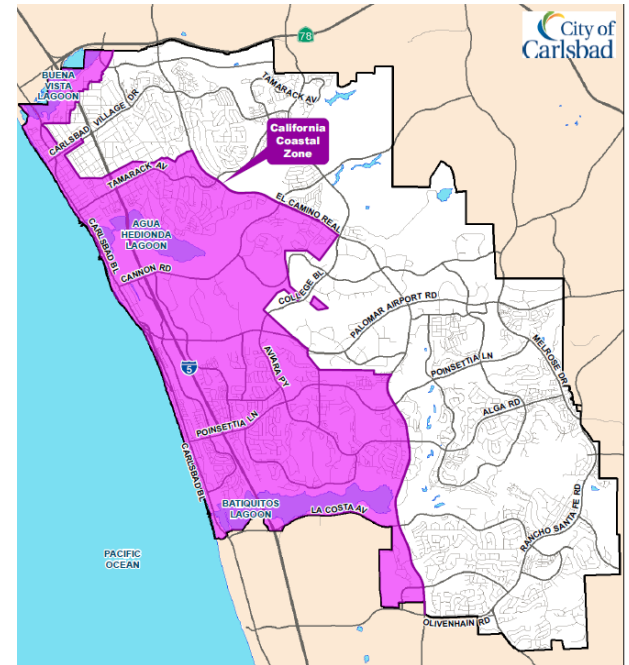
# Case Studies

**Four case studies represent a range of STR approaches in coastal areas**

- **Carlsbad**
- **Carpinteria**
- **Newport Beach**
- **Pismo Beach**

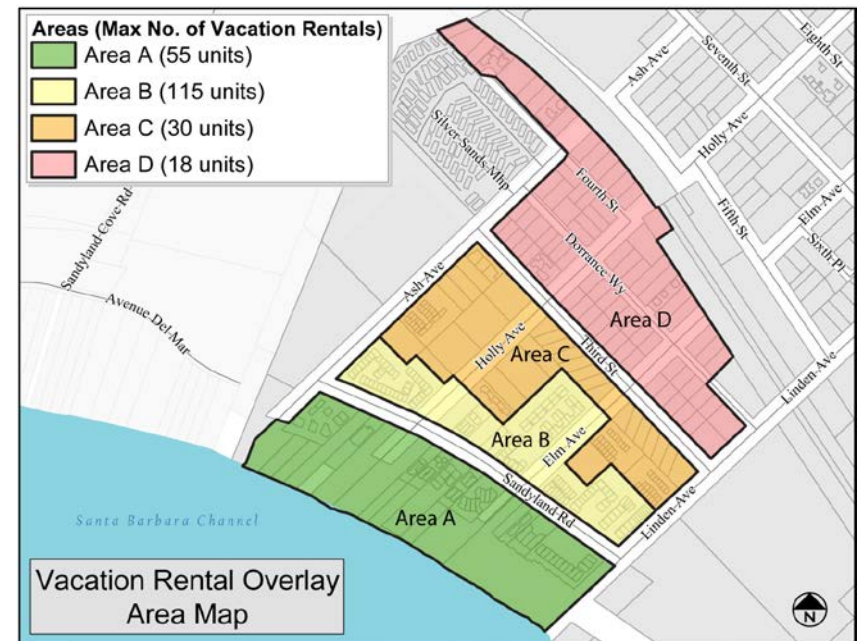
# Carlsbad, CA

- Allowed in the Coastal Zone and La Costa Resort Area; banned outside of the Coastal Zone
- Local 24-hr contact required
- Host must notify adjacent neighbors
- Exterior sign/permit posted
- Hosts must provide guests with City rules and regulations
- Special events prohibited
- Max. 2 people per bedroom + 1
- Annual Permit required (no fee)



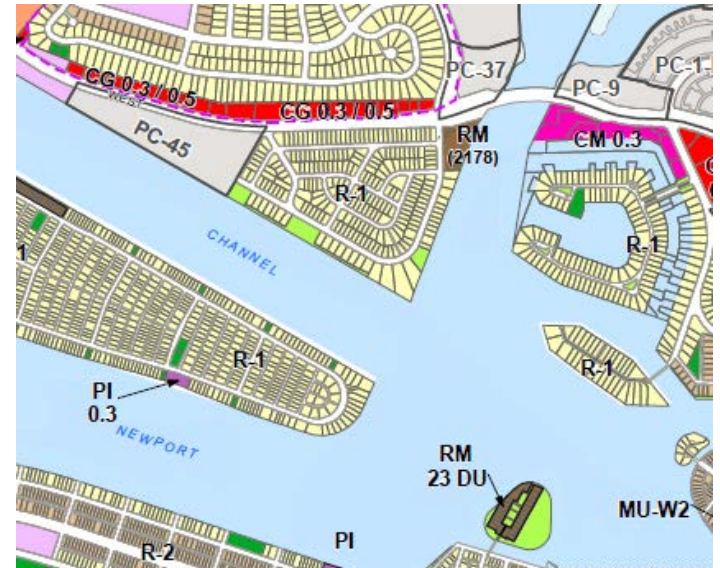
# Carpinteria, CA

- Vacation rentals only allowed in Overlay Zone
- Home stays allowed everywhere
- Vacation rentals capped within four Overlay Zone sub-areas
- Vacation rentals:
  - 24-hr contact within 30 miles
  - Post contact info on exterior
  - Notify neighbors within 100ft
  - Special events prohibited
  - Max. 2 people per bedroom + 2
- Annual Permit required (\$315, \$105 renewal)



# Newport Beach, CA

- Not allowed in single-family residential zones or single-family homes in planned developments or specific plan areas
- STRs in single-family homes as of June 1, 2004 grandfathered
- Local 24-hr contact required
- Hosts must provide guests with City rules and regulations
- Annual Permit required (\$103 fee, no renewal fee)



# Pismo Beach, CA

- Only allowed in single-family homes that are primary residences
  - Owner must reside at home 183 days or more per year
- 24-hour contact person
- Must provide guests with City rules and regulations
- Max. 2 people per bedroom + 2
- Parking parking spaces required per bedroom
- Permit required (\$399 fee)



# Case Studies

	Square Miles	Population	Total Housing Units	Total Estimated STRs	STRs as Percent of Housing Units
Carlsbad	39	115,241	47,080	690	1.47%
Carpinteria	9	13,680	5,602	Unknown	Unknown
Newport Beach	53	87,180	44,782	1,451	3.24%
Pismo Beach	14	8,239	5,832	Unknown	Unknown
Huntington Beach	27	203,761	82,406	821	1.00%

*Source: California Department of Finance, E-5 , 2019, Host Compliance, City of Carlsbad, City of Newport Beach, City of Huntington Beach*

# Revenue Projections

- Projected Annualized Revenue - \$8.2 M
- Projected TOT (at 10%) - \$822K
- Projected TBID Revenue (at 4%) - \$329K



# STR / Hotel Costs

	Hotels.com	Airbnb.com Private Room	Airbnb.com Acc w/kitchen	VRBO.com Private Room	VRBO.com Acc w/kitchen
Carlsbad	\$79 - \$298	\$46 - \$100	\$113 - \$350	\$95 - \$99	\$116 - \$401
Carpinteria	\$126 - \$279	\$91 - \$207	\$210 - \$572	Nothing listed	\$200 - \$450
Newport Beach	\$80 - \$309	\$75 - \$143	\$195 - \$614	Nothing listed	\$235 - \$540
Pismo Beach	\$174 - \$679	\$50 - \$119	\$122 - \$399	Nothing listed	\$129 - \$584
Huntington Beach	\$116 - \$369	\$60 - \$150	\$255 - \$305	\$105 - \$178	\$300 - \$1,000

Based on daily rates for 2 night stay between 9/6/19 – 9/8/19 for 2 guests

# DISCUSSION