



SHORT-TERM RENTAL ANALYSIS

CITY OF HUNTINGTON BEACH

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LWC



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CURRENT STATUS OF SHORT-TERM RENTALS IN HUNTINGTON BEACH

INTRODUCTION

The recent rise of the sharing economy, particularly the significant growth in short-term rentals (STRs), presents opportunities and challenges for communities and lawmakers. While the rise of STRs presents some consistency in policy challenges across jurisdictions, a range of regulatory responses can be leveraged and instituted to address specific local issues within Huntington Beach. This report analysis provides an overview of the size and distribution of STR units in the City of Huntington Beach and lays out the groundwork to address the specific STR issues within the City. The intent of this assignment was to provide stakeholders with a range of options in the form of a framework analysis to evaluate possible approaches for managing STR units in Huntington Beach.

A “short-term rental” most commonly refers to a furnished rental property rented for fewer than 30 consecutive days.

The data in this analysis was provided by Host Compliance, an online service that tracks the STR industry by looking at unit advertisements and booking information across all of the major STR rental platforms such as Airbnb, VRBO, and Booking.com. This information allows for a better understanding of the size, extent and the levels of economic activity associated with the STR sector in Huntington Beach. This data is the basis for three recommended STR regulatory framework alternatives that the City may choose to implement in order to limit the potential disadvantages of a sharing economy. Each alternative includes the following:

- Overview of regulatory framework.
- Estimated number of existing STRs that would be regulated under the regulatory framework.
- Estimated number of STRs that would be permitted under the regulatory framework.
- Projected number of STRs under the regulatory framework and of which type (e.g., primary residence vs. vacation rental, hosted vs. un-hosted).
- Estimated City revenue from STRs (TOT and TBID) under the regulatory framework, which would be based on estimated average nightly stays per year and the type of STR (e.g., primary residence vs. vacation rental, hosted vs. un-hosted).
- Estimated City costs to implement/administer the STR regulatory framework.
- An overview analysis each framework alternative.

The recommended STR regulatory framework alternatives described below are a result of case study analysis of four relevant STR programs, an analysis of compiled data on existing STR conditions in Huntington Beach, and stakeholder interviews to decipher high priority considerations of the community. Findings from this process can be used to support the groundwork for a new STR Ordinance.

The recommended STR regulatory framework alternatives described below are a result of case study analysis of four relevant STR programs, an analysis of compiled data on existing STR conditions in Huntington Beach, and stakeholder interviews to decipher high priority considerations of the community. Findings from this process can be used to support the groundwork for a new STR Ordinance.

UNITS & HOSTS

Host Compliance defines a commercial listing as a listing that is estimated to be occupied at least 90 days each year (See Figure 3). Of the 867 Short-Term Rental listings in Huntington Beach, 224 listings are commercial and these represent units that are assumed to be operated as commercial enterprises by their owners. However, of the 867 currently listed, 785 are considered unique active rental units weighted by the number of their listing room type, i.e., if a rental unit is listed as both Entire Home/apt and Private room, it counts as two. This leaves a difference of 82 listings which are considered not active.

However, a vast majority of STRs are operated by hosts that only have one STR (See Figure 5). Meaning, at least 1/5 of hosts with one listing meets the criteria for a Commercial Listings. The data suggests the majority of STR Owners are likely not property investors that have 3 or more properties with the sole purpose of short-term renting.

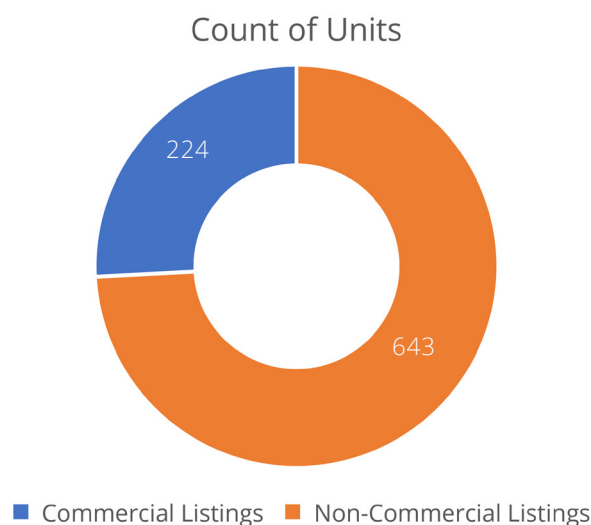


Figure 1 - Count of the number of active and inactive unique Rental Listings that are commercial and non-commercial.
Source: Host Compliance, LLC.

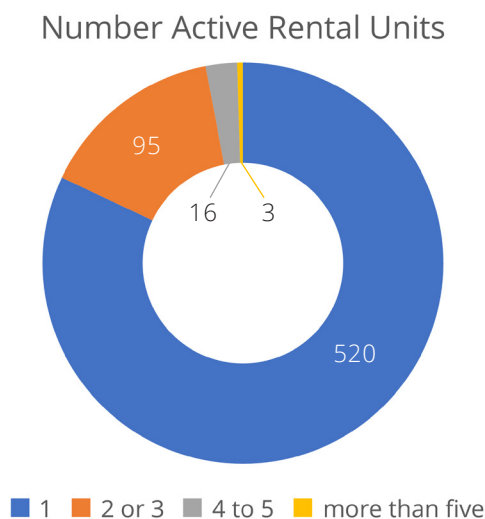


Figure 2 - Count of Unique Active Hosts associated with number of listings.
Source: Host Compliance, LLC.

OCCUPANCY

Most active listings are rented for 1-30 nights, nearly double the figure for 31-60 nights. (See Figure 3 and 4). However, the data also shows that at least 108 combined units in the Downtown and Sunset Beach areas are not commercial units.

The Downtown and Sunset Beach Areas see the highest rate of occupied nights, likely due to its geographical proximity to destinations. However, the Bolsa and Warner Corridors and Northeast corner of the City see a moderate-to-high rate of occupied nights (See Figure 4). This is most likely because of the lower average of nightly rate associated with these areas of the city (See section “Nightly Rates” and Figure 6).

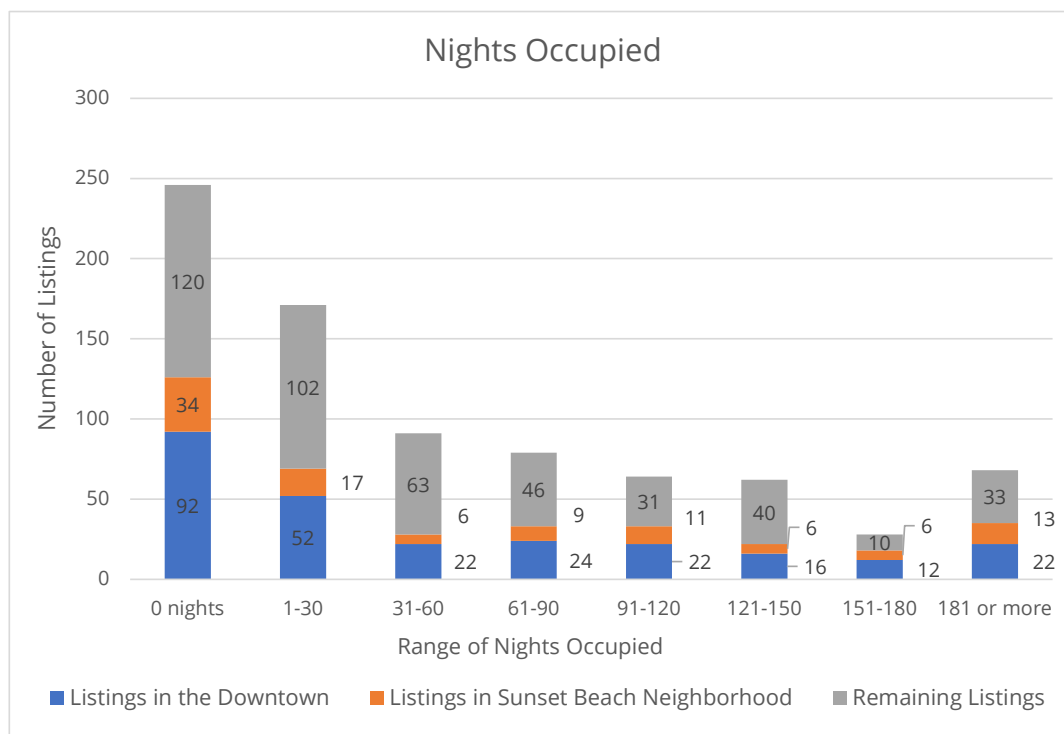
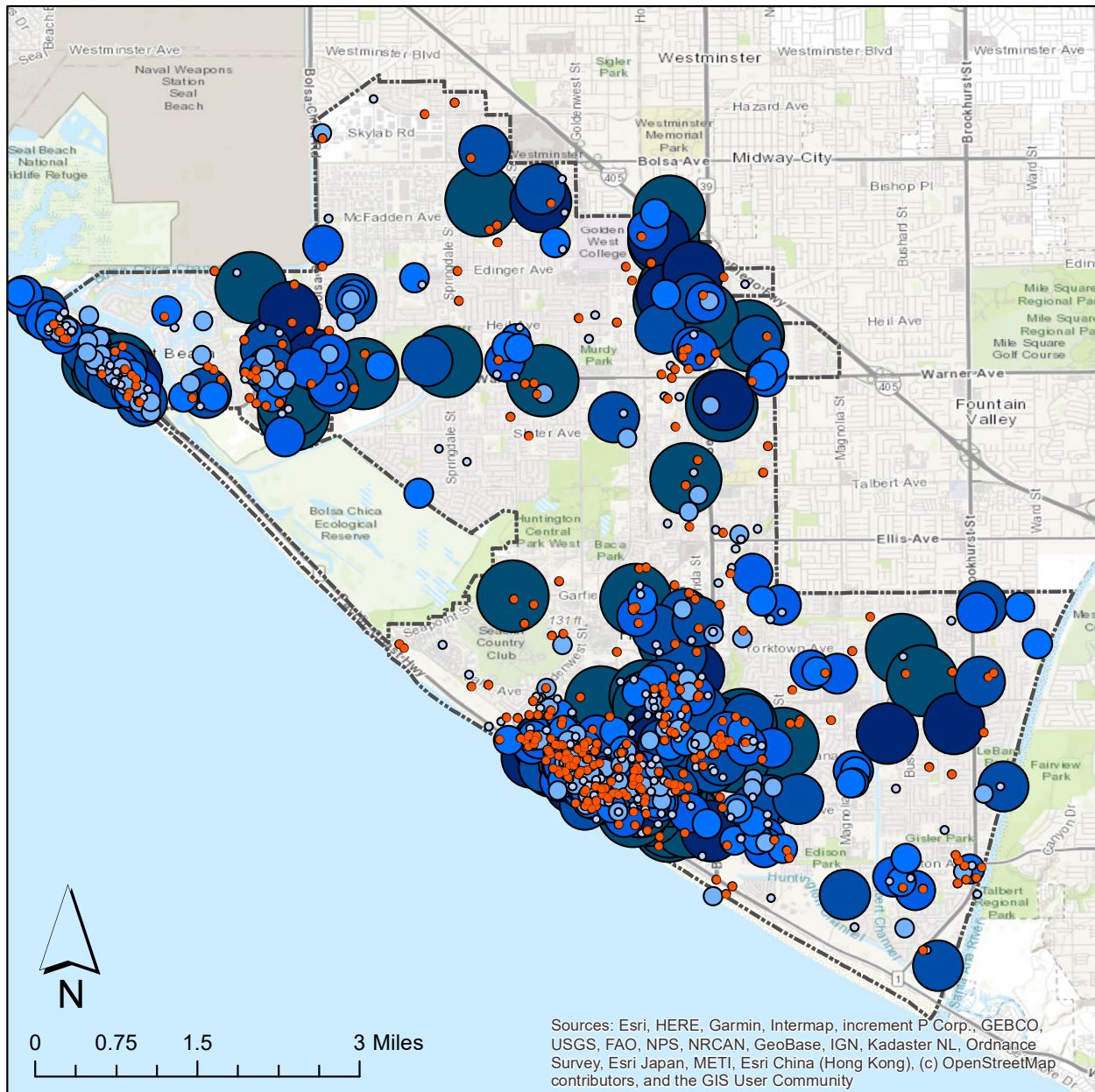


Figure 3 - Number of nights occupied by listings and listing areas. Source: Host Compliance, LLC.



Legend: Nights Occupied

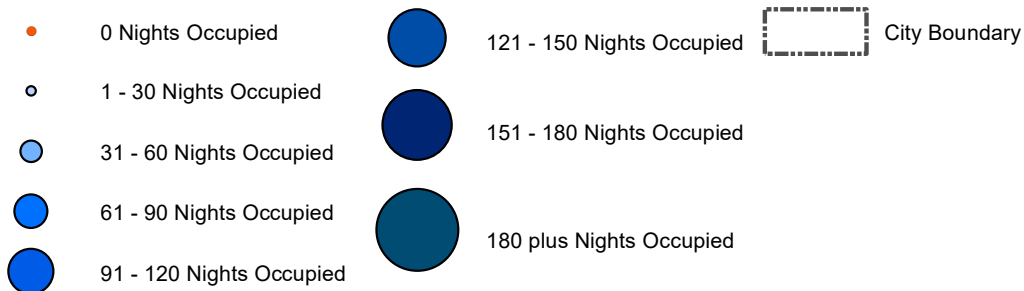


Figure 4 - Map of Nights Occupied for Active Listings. Source: Host Compliance, LLC.

NIGHTLY RATES

Most active units are priced at between \$50-200 per night (See Figure 5). This range of nightly rates is most concentrated in the Downtown and Sunset Beach area (see Figure 6). Roughly 9% of the listings (92 listings) do not report their nightly rate and are listed as 'unknown'.

In addition, the \$200+ nightly rate ranges are also mostly concentrated in the same areas of the City (See Figure 6). Mostly likely due to its proximity to the Beach and other destinations, the Downtown and Sunset Beach areas also see the highest annual revenues. Nevertheless, the Bolsa and Warner Corridors and Northeast Corner of the City see a productive annual revenue most likely due to its lower nightly rate (See Figure 7).

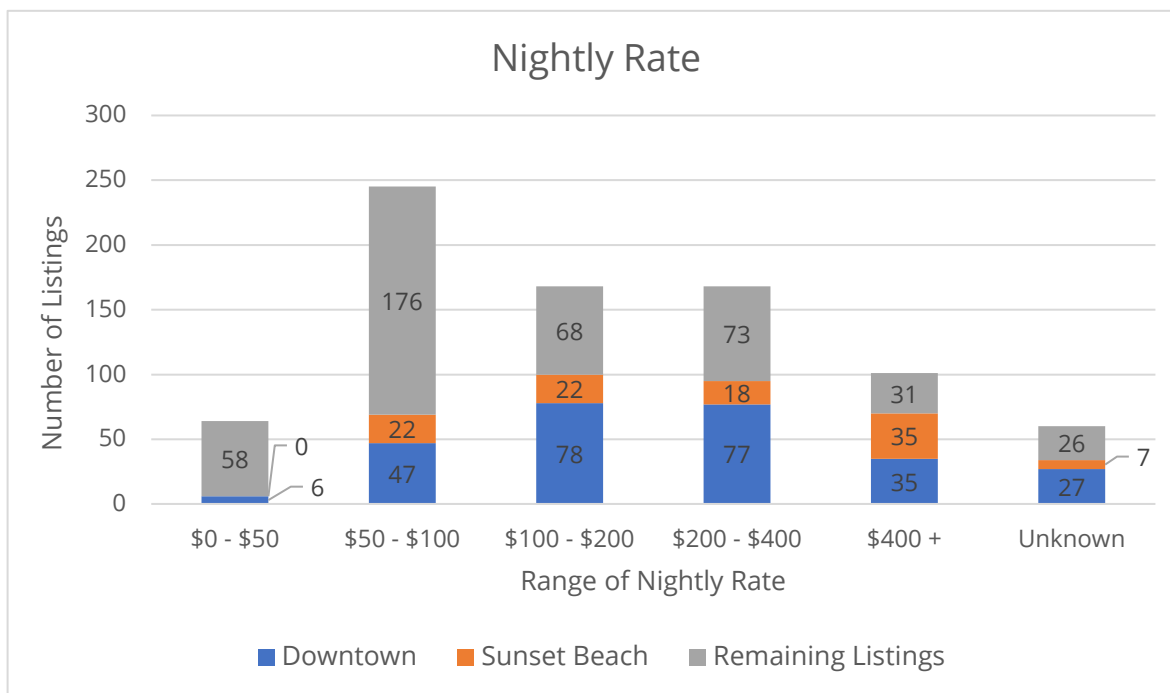
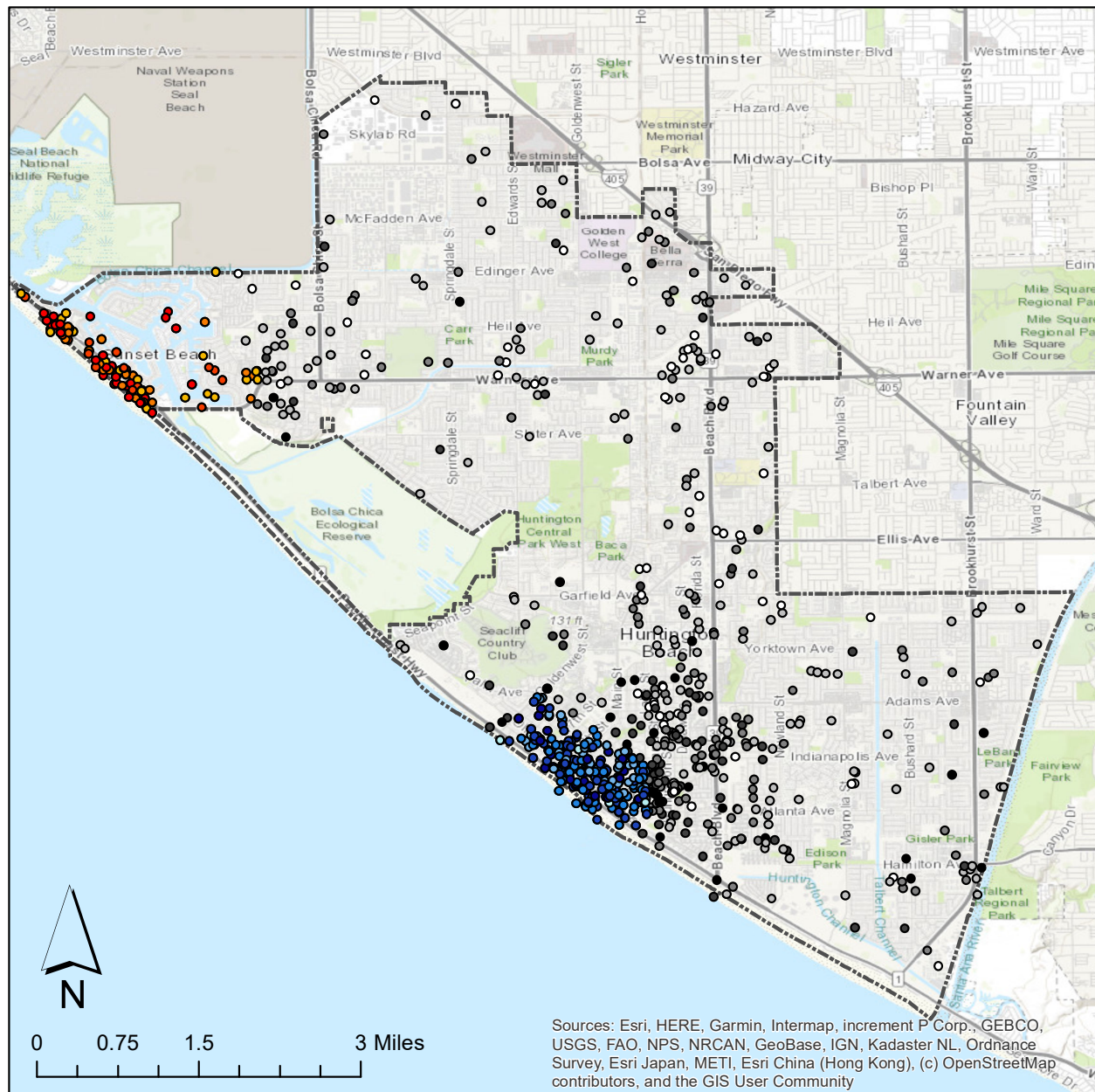


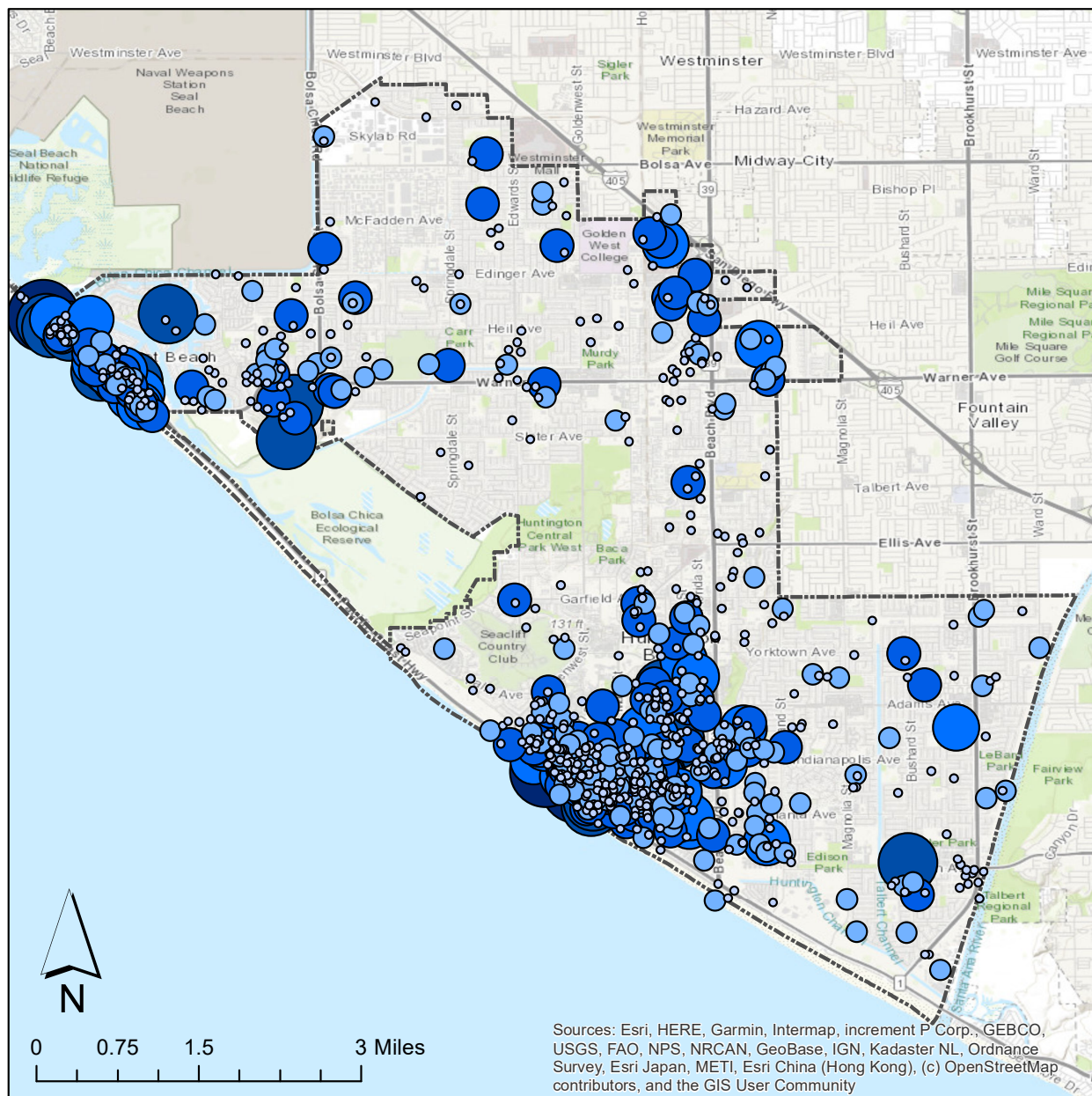
Figure 5 - Range of Nightly Rates for Active Listings. Source: Host Compliance, LLC.



Legend: Nightly Rate

Sunset Beach	Downtown	Rest of City	City Boundary
● 0 - \$50	○ 0 - \$50	○ 0 - \$50	
● \$51 - \$100	● \$51 - \$100	○ \$51 - \$100	
● \$101 - \$200	● \$101 - \$200	● \$101 - \$200	
● \$201 - \$400	● \$201 - \$400	● \$201 - \$400	
● \$401 +	● \$401 +	● \$401 +	

Figure 6 - Map of Nightly Rates for Active Listings. Source: Host Compliance, LLC.



Legend: Annual Revenue

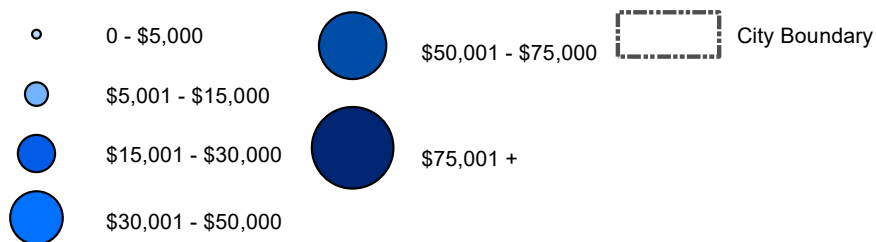


Figure 7 - Map of Annual Revenue for Active Listings. Source: Host Compliance, LLC.

SUMMARY AND CONCLUSION

Above are three market indicators that give insight into the status of short-term rentals in Huntington Beach. In reviewing any of these three market indicators, there is a consensus that the most profitable and highest desired short-term rental listings in Huntington Beach are concentrated in the Downtown and Sunset Beach areas. The analysis above can be utilized to inform and apply potential short-term rental regulations.



Downtown Huntington Beach. Source: surfcityusa.com

POTENTIAL FRAMEWORK SHORT-TERM RENTAL REGULATIONS

INTRODUCTION

Utilizing local examples from Dana Point, Long Beach, and Newport Beach, and white papers from groups such as the National Association of Realtors, Belmont Law Review, and the League of California Cities, LWC developed a table of Short-Term Rental (STR) regulatory best practices and delineated them based on overall threshold. The table was created in concert with the stakeholder feedback and case study research to tailor the potential regulations specifically for Huntington Beach.

Case study analysis of Carlsbad, Carpinteria, Newport Beach, and Pismo Beach STR programs found that each City approached STR regulation differently based on unique circumstances and objectives. Clear and simple regulations are often most efficient to administer and enforce and the reliance on online hosting platforms to take a role in ensuring legality of STRs is apparent.

In a series of focus groups conducted by LWC for this project, stakeholders recognized that STRs are likely to persist in the market and the City of Huntington Beach would benefit from a customized approach to STR regulation like the case study cities did. Despite a robust set of competing perspectives and concerns amongst the interview participants several broad areas of consensus emerged. Key points of agreement included:

LWC conducted interviews with 22 individuals who collectively represent local stakeholders' perspective on Short Term Rentals in Huntington Beach

- Desire for a municipal ordinance that licenses STR operations and sets performance standards.
- Once licensed, a robust enforcement mechanism should be put in place and should be funded via cost recovery fees on STR license holders.
- STR should be subject to TOT and license fees and any enforcement program should be funded via fees.

Features of any future program would need to balance competing interests in the community beyond these broad areas of agreement. As described below, the regulations build upon themselves and substantially increase the amount of regulations with each threshold. Depending on compromises the City of Huntington Beach is willing to make, the city can choose from a low-to-high threshold of regulation.

LOW THRESHOLD REGULATIONS

The low threshold measures generally consist of moderate oversight from the City and transparency from Short-Term Rental (STR) property owners. Overall, these 'low threshold' measures put an equal responsibility on the City to enforce existing ordinances and collect data while the STR owner must be fully transparent in their operation. There would be no cap on allowable STR listings within the City and assuming all existing would comply with the following regulations there would be approximately 867 listings that would be regulated and permitted. However, of the 867 currently listed, 785 are considered unique active rental units weighted by the number of their listing room type, i.e., if a rental unit is listed as both Entire Home/apt and Private room, it counts as two. This leaves a difference of 82 listings which are considered not active.

- **Code Enforcement (Existing Nuisance Ordinances)**

The City's main oversight role would be to enforce existing nuisance laws such as noise, safety, and property maintenance as well as inspections and monitor on-street parking. Most cities already have adopted nuisance laws that address many neighbors' concerns which are enforced via the Code Enforcement Division. Issues can arise with reporting and correcting afterhours and weekend infraction due to limited enforcement options during these times.

- **Transient Occupancy Tax (TOT)**

The City would require STR owners to register their property with the City and to have them pay the Transient Occupancy Tax (TOT). A portion of the revenue generated by the TOT could be used to fund the costs associated with increased code enforcement and management of a STR program.

- **Local 24hr Hotline**

Utilizing the revenue from the TOT, the City would establish a 24-hr hotline for STR-related complaints. Complaints would be funneled to the Code Enforcement Division for investigation.

- **Notice to Neighbors**

STR owners would be required to send out a notice to all properties within 500 ft to let neighbors know that an STR is in operation at a certain address. The notice would include the STR owner's contact information and the 24hr hotline number.

- **Owner Contact Info**

The STR owner would post their contact information in a high-visibility area along the primary frontage. Neighbors would be able to contact the owners directly if any issues arise.

- **STR Registration**

STR registration is different from permitting, the City would require STR owners to register their units with the City and the City would have an internal database to know exactly how many STR's are operating and their locations. No fees or official documents would be required to operate an STR in the City.

MEDIUM THRESHOLD REGULATIONS

The medium threshold measures build upon the ones detailed in the ‘low threshold’ category but with increased oversight by the City. In general, these regulations would formalize the STRs as an operating business with more financial contributions being made by the property owners. Like the low threshold regulations, the medium threshold will include no cap on allowable STR listings within the City and assuming all existing would comply with the following regulations there would be approximately 867 listings that would be regulated and permitted. However, of the 867 currently listed, 785 are considered unique active rental units weighted by the number of their listing room type, i.e., if a rental unit is listed as both Entire Home/apt and Private room, it counts as two. This leaves a difference of 82 listings which are considered not active.

- **Exempt Status**

Like many cities that regulate STRs, the City would allow for an exempt status for STRs already in operation to continue but would require new ones to apply for a use permit and pay an associated business license fee.

- **STR Permit & Business License Fee**

The permit would require an annual renewal fee, albeit a lower fee than the initial permit fee. The fees would be direct cost-capture of associated regulatory programs like the 24-hr complaint hotline and increased Code Enforcement activity, among others.

- **STR Permit Renewal (Annual)**

The City would require every permitted STR owner to renew their permit on an annual basis if the owner chooses to continue renting.

- **Tourism BID**

The other new measure would require STR owners to pay into the Tourism BID. Most stakeholders felt a contribution to the Tourism BID was crucial given STRs are an important facet of the local tourism economy. Treating of STRs more like hotels and bed & breakfasts emerged as a common theme through the stakeholder interview process. Assessing a TBID payment would require that the units that were assessed received a direct benefit from the assessment. This could take the form of training, marketing or other programs to support STR owners.

HIGH THRESHOLD REGULATIONS

Similar to the ‘medium threshold’ measures, the high threshold measures build upon the ones described in the ‘low’ and ‘medium’ sections. These measures are characterized by maximum oversight of STRs by the City and maximum transparency from the STR property owners.

- **On-site Owner**

The City would require all STR owners to either live on the same property of their STR or within a close distance (ex. 500 ft.) to ensure that the STR has proper oversight and the owner is held accountable.

- **Min./Max. Days of Stay**

Minimum and Maximum number of days of stay would be enforced to ensure predictability for surrounding neighbors and the local STR market in general. In Pismo Beach, STR's are limited to a maximum of 182 rental days per year (less than half the year).

- **People per Bedroom Limit**

In order to prevent potential overcrowding and the negative externalities associated with that, limits would be placed on the amount of people utilizing an STR at any one time. Specifically, the new regulations would limit the amount of people allowed per bedroom. In Carlsbad and Pismo Beach occupants are limited to two people per bedroom plus two people. In Carpinteria the limitation is similar, two people per bedroom plus one additional occupant. Newport Beach uses its building code to regulate number of occupancy by vacation rental.

- **Cap on amount of STRs**

The City would establish a total number of STRs that are allowed and enforce that law through the official STR permitting process. Carpinteria limits the number of vacation rentals to a total of 218. If the City of Huntington Beach chooses to limit STR's to the geographic locations of Sunset Beach and Downtown, then the approximate number of permitted STR listings would currently be 361. The remaining existing listings would be out of compliance, approximately 787 STR listings.

- **Neighborhood Zones (Geographic Limitations)**

Neighborhood Zones' would be created to disburse the allowable amount of STRs in the City, based off the cap established above. In this case, there would be a maximum allowable amount of STRs per neighborhood. This represents the strictest possible measures; an overall cap on the number of STRs in the city and geographic limitations on how many units are allowed in certain neighborhoods. Carpinteria limits the number of vacation rentals to an overlay zone. This overlay district is made up of four areas each with different caps on the number of STR's allowed. Carlsbad allows STR's only within its Coastal Zone and La Costa Resort Area, a major attraction in the community. In Newport Beach STR's are prohibited in single-family residential zones or single-family homes in planned developments or specific plan areas and STR's are grandfathered in. In Pismo Beach STR's are only allowed in single family homes that are the owners primary residences (owner must reside at the home 183 days or more per year).

SUMMARY AND CONCLUSION

Above are three potential pathways for a STR regulatory framework, based on regulations of neighboring cities, best practices, and stakeholder feedback. On any of the three levels, there is a broad consensus among stakeholders for many of the measures. Any application of these thresholds would result in a stronger regulatory environment for STRs in the City of Huntington Beach.

Summary of Threshold Regulations

Potential Measures	Low	Medium	High
Code Enforcement (Existing Nuisance Ord.)	X	X	X
Notice to Neighbors	X	X	X
Owner Contact Info.	X	X	X
Local 24-hr Hotline	X	X	X
STR Registration	X	X	X
Transient Occupancy Tax (TOT)	X	X	X
Tourism BID Assessment	X	X	X
Exempt Status		X	
STR Permit & Business License Fee		X	X
STR Permit Renewal (Annual)		X	X
On-site Owner			X
Min./Max. days of stay			X
People per Bedroom Limit			X
Cap on # of STR			X
Neighborhood Zones (Geographic limits)			X

Table 1 - Summary of Thresholds.

POTENTIAL REVENUE FROM SHORT-TERM RENTAL REGULATIONS

INTRODUCTION

The potential sources of revenue from the menu of options on page 9 revolve around the collection of fees via the Tourism Business Improvement District (TBID) Assessment and the Transient Occupancy Tax (TOT). The TBID Assessment is an additional 4% assessment fee for each occupied room per night. Currently, 24 local hotels are subject to this assessment which is paid by overnight visitors. The TBID Assessment is a main source of funding for Visit Huntington Beach's Surf City USA campaign. The City of Huntington Beach is allocated roughly 1% of all TBID assessment fees. The TOT is a 10% tax applied to all of Huntington Beach's overnight hotel guests. The City is allocated all TOT revenues.

Utilizing the data from Host Compliance, all STR units were mapped along with their requisite variables including unit type (ex. Entire unit, single room etc.). In general, single- and shared-rooms are "hosted", meaning the owner of the available rental unit occupies the same living space during the length of stay of the renter. Entire units are generally "non-hosted" in that the primary occupant is not present within the unit during its use as an STR.

As opposed to a "Hosted" unit listings, "Entire" unit listings allows a short-term renter to occupy the whole property without the primary occupant present.

In order to assess the potential revenue from applying TBID assessments and TOT to Short Term Rentals, the total number of each unit type and their average annual revenue were calculated against the assessment and tax percentages to provide an indication of the potential revenue generated for the City. Implications of both sources of revenue are summarized in the table below.

Entire City TBID & TOT Assements

TBID Assessment Rate	TBID Revenue per unit	City Share per unit	# of Units	Total Annual Revenue (City Only)
Entire Unit (Avg. Estimated Annual Revenue per Unit)				\$23,007.23
4%	\$920.29	\$9.02	526	\$4,840.72
Private Room (Avg. Estimated Annual Revenue per Unit)				\$6,761.28
4%	\$270.45	\$2.70	254	\$686.95
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
4%	\$35.05	\$.35	5	\$1.75
TOTAL				\$6,670.70

TOT Assessment Rate	TOT Revenue per Unit	City Share per Unit	# of Units	Total Annual Revenue
Entire Unit (Avg. Estimated Annual Revenue)				\$23,007.23
10%	\$2,300.72	\$2,300.72	526	\$1,210,180.82
Private Room (Avg. Estimated Annual Revenue)				\$6,761.28
10%	\$676.13	\$676.13	254	\$171,763.51
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
10%	\$87.62	\$87.62	5	\$438.12
TOTAL				\$1,382,355.46

Table 2 - Entire City TBID & TOT assessments. Source: Host Compliance, LLC.

Downtown TBID & TOT Assements

TBID Assessment Rate	TBID Revenue per unit	City Share per unit	# Units	Total Annual Revenue (City Only)
Entire Unit (Avg. Estimated Annual Revenue)				\$23,007.23
4%	\$920.29	\$9.20	205	\$1,886.60
Private Room (Avg. Estimated Annual Revenue)				\$6,761.28
4%	\$270.45	\$2.70	52	\$140.63
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
4%	\$35.05	\$.35	6	\$2.10
TOTAL				\$2,029.33

TOT Assessment Rate	TOT Revenue per Unit	City Share per Unit	# Units	Total Annual Revenue
Entire Unit (Avg. Estimated Annual Revenue)				\$23,007.23
10%	\$2,300.72	\$2,300.72	205	\$471,648.42
Private Room (Avg. Estimated Annual Revenue)				\$6,761.28
10%	\$676.13	\$676.13	52	\$35,158.66
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
10%	\$87.62	\$87.62	6	\$525.74
TOTAL				\$507,332.82

Table 3 - Downtown TBID & TOT assessments. Source: Host Compliance, LLC.

Sunset Beach TBID & TOT Assements

TBID Assessment Rate	TBID Revenue per unit	City Share per unit (1%)	# Units	Total Annual Revenue (City Only)
Entire Unit (Avg. Estimated Annual Revenue)				\$23,007.23
4%	\$920.29	\$9.20	81	\$745.43
Private Room (Avg. Estimated Annual Revenue)				\$6,761.28
4%	\$270.45	\$2.70	16	\$18.70
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
4%	\$35.05	\$3.35	1	\$3.35
				TOTAL
				\$764.49

TOT Assessment Rate	TOT Revenue per Unit	City Share per Unit	# Units	Total Annual Revenue
Entire Unit (Avg. Estimated Annual Revenue)				\$23,007.23
10%	\$2,300.72	\$2,300.72	81	\$186,358.64
Private Room (Avg. Estimated Annual Revenue)				\$6,761.28
10%	\$676.13	\$676.13	16	\$10,818.05
Shared Room (Avg. Estimated Annual Revenue)				\$876.24
10%	\$87.62	\$87.62	1	\$87.62
				TOTAL
				\$197,264.32

Table 4 - Sunset Beach TBID & TOT assesments. Source: Host Compliance, LLC.

LOW THRESHOLD REGULATIONS

Tourism Business Improvement District (TBID) – 4% Assessment

- ♦ 526 STRs operating as an “Entire Unit”
 - Average estimated annual revenue, per unit: \$23,007.23
 - ***Estimated total annual TBID (City Share 1%) revenue: \$4,840.72***
- ♦ 254 STRs operating as a “Private Room”
 - Average estimated annual revenue, per room: \$6,761.28
 - ***Estimated total annual TBID (City Share 1%) revenue: \$686.95***
- ♦ 5 STRs operating as “Shared Room”
 - Average estimated annual revenue, per room: \$876.24
 - ***Estimated total annual TBID (City Share 1%) revenue: \$1.75***
- ♦ Total Annual City TBID (City Share 1%) Revenue: **\$6,670.70**

Transient Occupancy Tax (TOT) – 10% Tax

- ♦ 526 STRs operating as an “Entire Unit”
 - Average estimated annual revenue, per unit: \$23,007.23
 - ***Estimated annual TOT revenue: \$1,210,180.82***
- ♦ 254 STRs operating as a “Private Room”
 - Average estimated annual revenue, per room: \$6,761.28
 - ***Estimated annual TOT revenue: \$171,736.51***
- ♦ 5 STRs operating as “Shared Room”
 - Average estimated annual revenue, per room: \$876.24
 - ***Estimated annual TOT revenue: \$438.12***
- ♦ Estimated Total Annual City Revenue: \$1,382,355.46

Total City Revenue from TBID Assessment and TOT: \$1,389,026.16

MEDIUM THRESHOLD REGULATIONS

The one, notable difference in terms of revenue generation between the Low and Medium Threshold Regulations is the inclusion of Permit and Business License fees. These fees should be based on the cost associated with administering the new regulations, heightened Code Enforcement activities, and a third-party contract to monitor the 24hr STR hotline. While these are financial and policy decisions for the City to make, LWC has compiled a brief list of examples of permit/license fees from adjacent municipalities to give the City as sense of how other similar programs are being managed.

Tourism Business Improvement District (TBID) – 4% Assessment

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 - ***Estimated total annual TBID (City Share 1%) revenue: \$4,840.72***
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 - Average estimated annual revenue, per room: \$6,761.28
 - ***Estimated total annual TBID (City Share 1%) revenue: \$686.95***
- ♦ 5 STRs operating as “Shared Room”
 - Average estimated annual revenue, per room: \$876.24
 - ***Estimated total annual TBID (City Share 1%) revenue: \$1.75***
- ♦ Total Annual City TBID (City Share 1%) Revenue: ***\$6,670.70***

Transient Occupancy Tax (TOT) – 10% Tax

- ♦ 526 STRs operating as an “Entire Unit”
 - Average estimated annual revenue, per unit: \$23,007.23
 - ***Estimated annual TOT revenue: \$1,210,180.82***
- ♦ 254 STRs operating as a “Private Room”
 - Average estimated annual revenue, per room: \$6,761.28
 - ***Estimated annual TOT revenue: \$171,736.51***
- ♦ 5 STRs operating as “Shared Room”
 - Average estimated annual revenue, per room: \$876.24
 - ***Estimated annual TOT revenue: \$438.12***
- ♦ Estimated Total Annual City Revenue: \$1,382,355.46

Total City Revenue from TBID Assessment and TOT: \$1,389,026.16

Local Municipality Fee Table

Municipality	Application Type	Fee
City of Newport Beach	STR Permit Application	\$103.00
	Business License	\$174.00 (Residential Area)
		\$61.00 (Processing Fee)
City of San Clemente	Zoning Permit	\$140.00
	Operating License	\$105.00
City of Dana Point	STR Permit Application	\$150.00

Table 5 - Summary of Local Municipality Fees. Source: City of Newport Beach, City of San Clemente, & City of Dana Point.

HIGH THRESHOLD REGULATIONS

The main distinguishing factor of the High Threshold Regulations is the geographic limitations of STR rentals. The data shows that the majority of rentals are concentrated in the downtown and Sunset Beach neighborhoods. Utilizing existing boundaries such as Specific Plans and the Coastal Zone, LWC created a potential “zone” for each area in which STRs can operate. These “zones” were created to get a sense of how many STRs are operating in these defined areas and how much revenue could be collected if STRs were allowed to operate in just these two areas. The potential revenue is broken down below:

Tourism Business Improvement District (TBID) – 4% Assessment

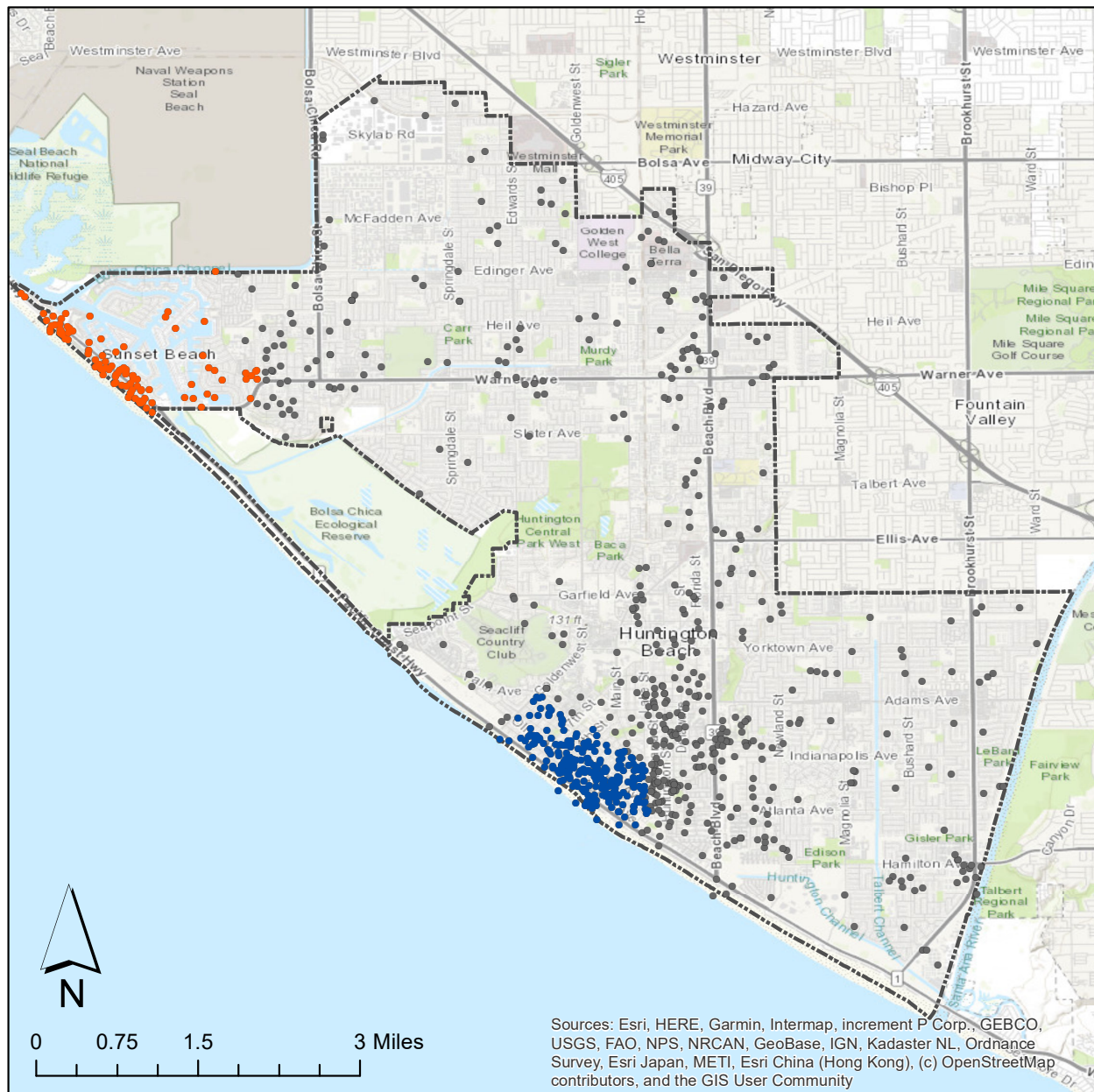
- ♦ 286 STRs operating as an “Entire Unit” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TBID (City Share 1%) revenue: \$2,632.03***
- ♦ 68 STRs operating as a “Private Room” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TBID (City Share 1%) revenue: \$159.34***
- ♦ 7 STRs operating as a “Shared Room” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TBID (City Share 1%) revenue: \$2.45***
- ♦ Estimated Total Annual City Revenue: \$2,793.82

Transient Occupancy Tax (TOT) – 10% Tax

- ♦ 286 STRs operating as an “Entire Unit” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TOT revenue: \$658,007***
- ♦ 68 STRs operating as a “Private Room” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TOT revenue: \$45,976***
- ♦ 7 STRs operating as a “Shared Room” within Downtown and Sunset Beach zones
 - ***Estimated total annual City TOT revenue: \$613.36***
- ♦ Estimated Total Annual City Revenue: \$704,596.36

Estimated Total City Revenue from STRs in Downtown and Sunset Beach: \$707,390.96

Additional regulations that could be utilized includes limiting STR’s to “hosted” unit types or caps on the total number of units, days of use, or persons per room. However, limiting STR’s geographically has the benefit of being easily regulated and monitored whereas the internal use restrictions are possible to monitor but require a much more robust regulatory structure.



Legend

- Sunset Beach
- Downtown
- Rest of City
- City Boundary

Figure 8 - Map of Active Listings by Neighborhood. Source: Host Compliance, LLC.

SUMMARY AND CONCLUSION

The City stands to collect substantial revenue from its share of TBID and TOT if applying the rates to STRs throughout the city or just Downtown and Sunset Beach. Based on the data above, policy decisions how to implement the rates and how the potential revenue would fund enforcement efforts must be considered. Overall, the data and analysis provide the platform for the City to move forward with decisions on how to properly regulate Short-Term Rentals in Huntington Beach.



Sunset Beach. Source: Kevin Pellon (@socalsnapz) via surfcityusa.com