

**From:** [Chelsea Holup](#) on behalf of [PlanningAgency](#)  
**To:** [Gary Helfrich](#); [Cecily Condon](#)  
**Subject:** FW: Short Term Rentals - STRs  
**Date:** Friday, September 17, 2021 11:04:36 AM  
**Attachments:** [Santa Rosa STR Summary 091021 .docx](#)  
[Revenue TOT Account Workbook \(1\).xlsm](#)  
[SR City Complaint Manifest ef1.xlsx](#)  
[Suggestions for Santa Rosa STR Policy 091021 \(1\).docx](#)

---

---

**From:** Eric Fraser <truthintourism@gmail.com>  
**Sent:** September 16, 2021 3:26 PM  
**To:** erickoenigshofer@sonoma-county.org  
**Cc:** Short Term Rentals <shorttermrentals@srcity.org>; farmer.cmac@mcn.org; PlanningAgency <PlanningAgency@sonoma-county.org>; Linda Schiltgen <Linda.Schiltgen@sonoma-county.org>  
**Subject:** Short Term Rentals - STRs

## EXTERNAL

Hello Commissioner Koenigshofer;

Thanks for the opportunity to engage during the Coastal MAC meeting last night.

I want to continue to provide some information to you regarding STRs, and appreciate your time to examine and process information for verifiable facts. Our involvement is to try to keep the discussion factual, and under Supervisor Hopkin's leadership that has been very difficult.

First to address some issues about County "Vacation Rental" permits inland. Gary is misleading you about whether a permit is "active" in the sense of whether the STR is accepting guests, or has accepted guests over the past X term (choose month, 6 months, year, etc.). The permit process is cumulative, in that if the permit is not cancelled through sale of the property, by enforcement action, or **voluntarily** cancelled by the property's owner, it stays on the rolls of TOT collecting/remitting properties. Don't forget STR owners must pay for the permit, so why would they relinquish it even if they are not using it? Our hypothesis is that only about 600 - 700 STRs in the inland areas have been accepting guests subject to TOT this year (2021). We have some research already that shows that the 1,900 permit number Gary uses is inaccurate. (See below for our request for more County data using PRA).

# of properties operate without collecting taxes? Well, very few is our hypothesis. Gary and Supervisor Hopkins failed to mention that the County has cooperative agreements in place with Airbnb and VRBO to collect the taxes during the booking process and remit them to the County directly.

They are also deceptive by not explaining that STRs are an incremental use of property. Unused spaces are listed on the platforms for people to reserve, with obvious safeguards in place for property owners to protect their property, and to mitigate potential negative impacts. (Judging

from your comments at the meeting, it doesn't sound like you would agree with the idea that people sharing their homes are concerned about impacts to the neighbors and community, but when you look at verifiable complaints, resolutions, and interview parties involved a completely different story emerges than what Supervisor Hopkins would have you - and us - believe).

We will be able to provide a factual, peer-reviewed analysis to support the above information.

We have also successfully rebutted other important representations made by Supervisor Hopkins and other STR-detractors, and have found them to be false. This is a continuation of the disinformation that Ms. Hopkins is producing (Frankly, I can't believe that you are lining up behind this as well, having respect for your intellectual curiosity and fact-based deliberations from your prior service.) We have research specific to our area which we will gladly share with you ASAP.

- STRs do not diminish workforce housing or affordable housing.
- STRs have no impact on RHNA numbers.
- STRs are not hotels in any way.
- There is no enterprise motivation for the STR property owner (short term profits). Income from STRs offsets housing costs, maintenance, guest services, management, cleaning and the like leaving no profit, but instead a loss from operations (if STRs were actually "businesses"). That's not to say that there isn't an ecosystem of enterprise for STRs. It is certainly true that the platforms, management companies, cleaning companies, as well as the entire "tourist" economy are motivated for near-term operational profits. Research of specific STR properties in Santa Rosa shows the lack of profit, and furthermore supports the counter-intuitive reality that property owners make robust investments in their property and have higher maintenance standards than neighboring properties. (For a related parable, ask me about apples in the West County.) That's why a business license for STR properties makes no sense.

Business licenses may make sense for the actual businesses that are enterprises in the STR ecosystem including management companies, platforms, cleaners, builders, etc that service the STRs (but it appears the Hopkins business license strategy is just to single out STRs). Also, there is a stack of cloud-based companies who would love to serve the government (that's why they have no problems serving up false information about illegal STRs, missing taxes, required "web scraping", problems, problems, problems... they feed that animus that local politicians like Supervisor Hopkins thrive on. This "bought and paid for" environment is also what served up the erroneous report purchased in 2015 with the incorrect notion of STRs' diminishing affordable housing in the County.)

Furthermore we find that STRs are supportive of important legal considerations you should acknowledge:

- STRs are important for creating and maintaining affordable lodging not only where visitors have the law on their side (Coast and River) but everywhere. Obviously, STRs are used for more than vacations, so the area an STR is located in may have a different composition of visitors (people from in-County, people from the region, visiting workers, evacuees, emergency responders, people seeking medical treatment, relatives/friends of County residents, others) . Overall, the market determines whether more or fewer STRs are viable in an area. We are very interested in exploring

how the rights of visitors can be used to keep activist staff and pandering local politicians from diminishing opportunities to stay with willing property owners as guests.

- STRs are recognized as sources of income that can help somebody qualify for a mortgage in some situations. (<https://www.sfgate.com/realestate/article/Just-Approved-Airbnb-income-to-qualify-for-loan-15990116.php>) However, most of the properties we see in Sonoma County operating as STRs are people's second homes (so the mortgage requirements, if financing is even used, is very different from a "hosted" property). These homes would probably just sit empty unless used by the owner's friends or family. We know by studying Healdsburg and Sonoma that their prohibitions on STRs increased the amount of empty homes and bedrooms in their jurisdictions. Only wealthier families can purchase second homes that then can sit mostly empty - these are not turned into affordable or market rate rentals. Ironically, DUIs issued for people leaving Healdsburg are some of the highest in the County according to pre-Covid information, so there's that impact too.

-STRs have important considerations for equity in that the income allows for POC and other disadvantaged people to purchase and hold onto property. Increasingly, STRs figure into a family's retirement strategy, as well as create an opportunity for multi-generational wealth building for protected classes. (Frequently the NIMBY argument left unspoken is "we don't want people who don't look like us to own or visit our neighborhood") AirBNB and VRBO have undergone extensive analysis of their booking processes to eliminate racial bias.

-Changes to make STRs harder to establish and more expensive to management may violate emergency planning best practices and requirements. We have plenty of testimony about the positive role STRs and the platforms played when needed during an emergency. Foolishly wiping away access to unused but ready sleeping spaces needed during an emergency is not only an affront to people who may need to react to an emergency, but may require an EIR. We need to verify with our attorney whether an EIR may be required when regulating STRs, but there must be some mechanism inland to keep policy makers honest to the facts and not blinded by animus to solving actual problems. Research from right after the Tubbs fire shows that around 60,000 bedrooms in our existing housing in the unincorporated areas are unoccupied each night! Whether they are accessible in an emergency is an entirely different question...

The platforms have been doing some amazing work, but are frequently excluded from policy discussion on a local level. Are you afraid that they have been successfully mitigating negative impacts for not only their guests and hosts, but also for neighbors, and the community at large, and that will interrupt the narrative of STRs as bad actors? It is not just collecting/remitting taxes, but also security, training, policies to prevent partying, insurance, and more. Do you even know anything about how the platforms' verify guests and hosts, and how their processes remove offenders from membership?

The County's animus against STRs is very similar to the posture that the City of Santa Rosa is assuming right now in their politically motivated attack on STRs.

We are looking forward to sharing our work with you and have attached a couple of workbooks, a summary, and some suggestions for Santa Rosa. Our work includes analyzing over 24,000

complaints over the past 5 years in the city to find ANY that concern STRs. As you will read in our Summary, or within the workbook, we were hard pressed to find any unresolved legitimate complaints in the City against STRs. You can also follow our public records requests to see source documents at <https://cityofsantarosaca.nextrequest.com/>

We have the granular data set for all TOT accounts in Santa Rosa from over the past five years (commercial hotels/motels and residential STRs). This shows that ~ 430 properties at some time collected some amount of TOT over the past 5 years (around 20 commercial properties and 130 STR properties are "active" in 2021. Upon further research most STRs in the city are hosted STRs, with a few dozen entire house STRs. Occupancy of a commercial property: 365 days; occupancy of a STR: <182 days). The average amount collected/remitted, and the scant amount of time a property is accepting guests as an STR, the lack of verifiable complaints, and other information may open your eyes to what the STR segment really is all about. From a factual basis, we can contrast our information to what rightfully can be considered "disinformation" being served up by activist staff and pandering politicians.

We will continue to do EVERYTHING IN OUR POWER to be sure the official discussion and subsequent policy decisions come from a basis of facts. We have been requesting documents from the County using the legal PRA process but their responses have been evasive and we have not received the data requested that we know they have about tax remitting addresses (contact info, remittance info, characteristics), correspondence regarding emergency prep and response, and facts that buttress some of their tourism claims. Once you see our research about STRs in Santa Rosa we know it will pass muster with your high standards (as it does with the economists from SSU, SFSU, attorneys, and other subject matter experts we work with). Will you help us access the information we need to make a fact-based report to show what the STR segment actually consists of in the unincorporated areas (CC and other)?

Looking forward to being of service,

Eric Fraser  
TRUTH IN TOURISM  
707.479-8247

THIS EMAIL ORIGINATED OUTSIDE OF THE SONOMA COUNTY EMAIL SYSTEM.

**Warning:** If you don't know this email sender or the email is unexpected, **do not** click any web links, attachments, and **never** give out your user ID or password.

## Executive Summary

### City of Santa Rosa

The city of Santa Rosa (CA) with a population of ~175,000 is the fifth largest in the Bay Area (behind San Jose, San Francisco, Oakland, and Fremont). It is the largest city between San Francisco and Portland (OR). Santa Rosa is a charter city, and their incorporation was recognized by the state in 1868.

Santa Rosa has ~ 67,000 housing units, with over 1,000 5-bedroom houses.<sup>1</sup> Research by E.M. Fraser (and verified by Dr. Rob Eyler) stemming from the 2017 Tubbs Fire, indicates that ~37,000 bedrooms in the city's ~67,000 housing units (est. total ~168,000 bedrooms) are likely unoccupied each night.<sup>2</sup>

Santa Rosa has no specific policy regulating STRs. According to a memo issued by Santa Rosa's Department of Finance discovered by a CPRA request<sup>3</sup>, "the City's practice is to consider a vacation rental in concert with the residential use of the property, making no distinction between a transient or permanent nature of the tenancy." Furthermore, "vacation rental owners (hosts) renting more than three dwelling units are subject to the City's Business Tax Ordinance (SRCC 6-04)." For final adoption by the City Council in November 2021, the City endeavors to enact an urgency ordinance to further regulate STRs, citing health and safety concerns.

Regarding taxes for stays of 30 days or less, STRs are required to collect the City's 9% Transient Occupancy Tax (SRCC 3-28), and 3% Santa Rosa Tourism Business Improvement Area Assessment (SRCC 6-56). Commercial operations with over \$350,000 in gross income also collect a 2% Sonoma County Tourism Business Improvement Area Assessment that is remitted to the city before forwarding to the County. The TOT flows to the general fund; the SRTBIA is bifurcated between the Metro Chamber for operation of Visit Santa Rosa, and the City's Planning and Economic Development Department for Out There! Santa Rosa! Total revenue from TOT from commercial and residential lodging in 2015 was (millions) \$5.4, 2016: \$6.0, 2017: \$6.0, 2018: \$5.7, 2019: \$5.9, 2020: \$3.2, and 2021 (2Qs): \$2.0. Records indicate that Airbnb has offered a "Voluntary Collection Agreement"<sup>4</sup> in 2015 and beyond for the collection of taxes from STRs, but the city has refused or ignored AirBNB's offers (the County has collection agreements in place with Airbnb and VRBO). TOT, SRTBIA, and SCTBIA are collected from guests during times of declared states of emergency.

Research led by E.M. Fraser using information provided by the City Clerk in response to CPRA requests, shows that since 2015 ~430 properties (residential and commercial) have established TOT accounts that have remittances in at least 1Q during that time. The amount of TOT collected per year ranges from \$5.00 to \$1,300,000.00. Further analysis shows ~30 Commercial properties compared to ~400 STRs historically in the aggregate. The number of commercial accounts active in 2021: **19**; 2020: **21**; 2019, 2018: **23**; 2017, 2016, 2015: **25**. STRs remitting in any one year shows 2021: **129**; 2020: **174**;

---

<sup>1</sup> US Census Bureau, 2011-2015 American Community Survey 5-year Estimates

<sup>2</sup> Sonoma County Bedroom Worksheet, 2018

<sup>3</sup> Nextrequest 17-065

<sup>4</sup> Nextrequest 17-065

2019: **201**; 2018, 2017: **158**; 2016: **136**, 2015: **104**<sup>5</sup>. No information was provided by the City to show whether the STR had a host on-site, or was an entire house rental, the number of bedrooms in the STR, the number of nights occupied, or the cost per night.

In the aftermath of the Tubbs Fire in 2017, as well as subsequent and on-going disasters (declared emergencies), STRs have provided essential housing to evacuees, victims, first responders, and essential workers, according to memos from Eric McHenry, Director and CIO of the City's Information Technology Department.<sup>6</sup>

A survey of STR owners and managers show guests fit several profiles: friends/family visiting City residents; evacuees from the City, County or region; sports participant; workers; authorized government employees; as well as "tourists" on vacation.

In September 2021, E.M. Fraser and his team examined over 24,000 records provided by the City through CPRA and on-line from Code Enforcement, Police, and Fire to determine "complaints" with nexus to TOT remitting addresses since 2015.<sup>7</sup> 157 records were tagged as having some relationship with a TOT remitting address since 2015. Upon further analysis, 102 were connected in some way to a commercial address. 35 of the 55 remaining complaints happened before or after the property was a STR, or irrelevant because they had nothing to do with STRs hosting guests (focus was on chickens, goats, fences, windows, etc.) Of the 20 remaining "complaints", they correspond to just 12 addresses. 9 of those addresses had only one complaint (2 from 2016, 1 in 2017, 1 in 2019, 2 in 2020, and 3 in 2021): violations include erecting a Yurt, using an RV, noise complaints (some unfounded), illegal conversion of a garage, trash cans left out. 3 addresses had a total of 11 complaints (mostly from 2020 and 2021): Montgomery 2, Knob Hill 3, and Sunrise 6. Knob Hill is a 6 br/4 bath valued by the website Redfin at \$1.4 million. Sunrise is a 9 br/7 bath valued at \$2 million.<sup>8</sup>

Research by E.M. Fraser's team highlights concerns about SRTBIA governance (STR owners/managers are barred from serving on the oversight/executive committee), SRTBIA expenditures and receipts, contracts with IRONMAN and subsequent economic impact analysis, Out There! Santa Rosa! expenditures and cash accounting, BIA/TOT collection from special classifications of guests (e.g. evacuees), whether BIA/TOT can be assessed on guests staying at residential properties anyway, and the City's disconnect over the role STRs play in emergencies. There are also financial impacts (mostly positive) that STRs create within a household (both guest and host), in a neighborhood, as well as in the larger community. Since we would be hard pressed to present an enterprise case using any STR property in Santa Rosa, understanding economic benefits sans profit motivations unlocks the benefits STRs bring to almost any neighborhood. We are also very concerned when government strays from verifiable facts when making policy.

---

<sup>5</sup> Revenue Account TOT Workbook.xls, Sept 2021

<sup>6</sup> Nextrequest 17-065

<sup>7</sup> SR City Complaint Manifest.xls

<sup>8</sup> <https://www.redfin.com/>

## Suggestions for Santa Rosa STR Policy

### Urgency:

- 1) Reinforce the existing ordinances for Noise, Parking, Special Events, Nuisance, and other property-specific sources of complaints. Insomuch as these complaints implicate STRs, the number of non-STR addresses with multiple complaints within the past 24 months is staggering (in the hundreds) and is the real reason for ongoing constituent concerns. Insomuch as policy makers and politicians attempt to blame STRs for a litany of negative impacts, facts don't support those narratives.
- 2) Facts do not support the premise that there are hundreds of properties in the City limits that are not remitting TOT/BIA. There is an easy fix to assure that the City collect revenue it believes it is entitled to: enter into the cooperative agreements with Airbnb, VRBO and other platforms. According to information surfaced during a PRA request, the City believes that most of the transactions occur on those platforms. As you can see for the attached workbooks, the City's accounting over STRs is in a bit of disarray. We have advocated for the City to sign these agreements for several years. The average STR is active only for a few years and does not produce much TOT when compared to commercial properties.
- 3) Other fixes to Finance Department procedures:
  - a. Issue TOT Certificates with unique account numbers. The account number must be used on all listings wherein the owner/manager advertises the property as available. Annual cost for a tax certificate to be \$25 - \$75 regardless of property size or whether a commercial or residential address.
  - b. TOT Certificates need an application. The application collects information including: Name/address/contact for Owner, name/address/contact for 24-hour manager (shared with police/fire), description of unit (#BRs offered, parking, location address), marketing platforms used, and anticipated TOT remittances for the upcoming year. The certificate might also stipulate what conditions would pre-empt its renewal.
- 4) Zoning and Code Enforcement
  - a. Code Enforcement must be equally applied across all property types. Unless there are clear penalties for violations, and for unfounded complaints then the system (alongside police calls-for-service) with continue to be manipulated by vexatious complaints as well as scoff-law violators.
  - b. "Unhosted" – Homes that accept guests without on-site hosts on the property (or adjacent to it) rise to the top of the pile of the 12 properties with some nexus with complaints over the past 5 years. Neighbors are riled mostly by the irresponsible rhetoric and their constructed beliefs (biases), but to the degree that there are actionable complaints they should be easily remedied using existing ordinances (once perhaps tightened up...see suggestion #1 above). Acceptable practice is to allow 2 people per bedroom plus 2 people when setting occupancy.
  - c. Mandatory Mediation - Complaint resolution should also include the requirement for mandatory mediation so properties (STR and non-STRs) who

have ongoing issues left unmitigated (or are victim to harassment by neighbors) can enter a quasi-legal process to resolve the issues. The cost of mitigation is borne by the parties held responsible (owner/manager, resident, or complainer) by the third-party mediator. Resolution may include a stipulated agreement for the property to limit occupancy, stop the nuisances found to be legitimate, and put people making unfounded complaints on legal notice. The mediation process and stipulated agreements would be the entry point for further legal action should that prove necessary.

- d. "Hosted" – Property owners should continue to have the right to have guests to the extent that legal occupation of the unit allows. Other than those requirements listed above for the TOT Certificate, and to operate under current ordinances in effect, no changes are needed.
- 5) The definitions within the TOT and BIA ordinances need to be clarified. No, STRs are not "hotels", and as we will see there will be more discussion as to whether STRs are legally subjected to the BIA.

#### STR Policy Overall

- 1) STR Policy creation needs to go through the legal process allowing for serious public participation, planning commission process, and allowing time for facts to be verified.
- 2) Stakeholders including the posse present at the 8/10/21 subcommittee meeting (PED, SRPD, activist staff, and blustering politicians) alongside STR owners/managers, representatives from the platforms, economists and other subject matter experts, visitor rights advocates, and the community must be allowed to participate.

To discuss these points:

Eric Fraser  
Lead Researcher  
Truth in Tourism  
[truthintourism@gmail.com](mailto:truthintourism@gmail.com)  
707.479-8247

9/10/21