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March 19, 2023

To: Finance Committee

Re: Short-Term Rental Enforcement Pilot Program

Chair Friedman, Committee Members Harmon and Gutierrez,

Allied Neighborhoods Association is very pleased to hear about this pilot program! It's comprehensive, and that's what is needed!

We are also pleased to see the thoughtful consideration that has gone into the Finance Committee Agenda Report and the plan (both the pilot program and the on-going program thereafter).

It's projected (pg. 6) that the on-going program could be self-sustaining using only Coastal STR on-going tax revenue.

We do question the statement, "**On-going taxes are not applicable to Inland STRS after Pilot Program enforces closures*" (Finance Committee Agenda Report, towards bottom of pg. 6). Regarding the Inland area, short-term rentals are an allowed use, with permit, in many zones there – basically all zones that allow hotels (C-G, M-C, R-MH, etc.). Some short-term rentals are currently permitted, and we would expect others to obtain permits as enforcement rolls out. All will pay TOT. Maybe the above statement is meant to say TOT collected in the Inland area will not be directed to the on-going program? Clarification would be appreciated.

The generous grace period to cease unlawful short-term rental activity ended January 1, 2017. It is discouraging to see housing unlawfully used as short-term rentals online. Maps show approximate location of each STR; short-term rentals are around the Mission, in the Upper East, San Roque, Riveria, apartments on Garden across from Alice Keck Park, etc. - where zoning does not allow hotel use.

In the pilot year, obviously, the program will require funding. Funding is an investment in our City and our future. **Funding the program is important to stop the unlawful activity and achieve compliance with the Zoning Ordinance.**

We urge you to recommend the program to Council, and concur with the Finance Committee Agenda Report Recommendation.

Sincerely,
Allied Neighborhoods Association

PS – If needed, there could be a payback program to the General Fund to pay back some or all appropriation of funds:

- 1) The on-going STR payment processing program (annual), bottom of pg. 6, shows \$90,000 - \$100,000 net positive return annually.
- 2) There will be new permitted STRs in the Inland area as enforcement rolls out; homes and apartments in zoning that allows STRs, with a permit, that get permitted. Use TOT from new permitted STRs in Inland area.

A payback program could include #1, or #1 and #2, until pay back is achieved.

Cc: Sarah Knecht, Lyndsay Maas, Keith DeMartini, Mayor Rowse and Council Members Sneddon, O. Gutierrez and Jordan, Daniel Gullett, Elias Isaacson, Rebecca Bjork