

CORRESPONDENCE

Martinez, Ruben

From: cityclerk
Subject: FW: UPCOMING SHORT TERM RENTAL MEETING, OCT. 2- Please consider.

From: Bonnie Wallace [<mailto:bonnieatthebungalow@gmail.com>]

Sent: Tuesday, September 26, 2017 7:11 PM

To: Gordo, Victor <vgordo@cityofpasadena.net>; Hampton, Tyron <THampton@cityofpasadena.net>; Madison, Steve <smadison@cityofpasadena.net>; Mermell, Steve <smermell@cityofpasadena.net>; Wilson, Andy <awilson@cityofpasadena.net>; Morales, Margo <mlmorales@cityofpasadena.net>; Thyret, Pam <pthyret@cityofpasadena.net>; Nunez, Guille <gnunez@cityofpasadena.net>; Reyes, David <davidreyes@cityofpasadena.net>; Varma, Arthi <avarma@cityofpasadena.net>; Robles, Sandra <sarobles@cityofpasadena.net>; Duyshart, Eric <eduyshart@cityofpasadena.net>; Tornek, Terry <ttornek@cityofpasadena.net>; Bell, Cushon <cbell@cityofpasadena.net>; McAustin, Margaret <mmcaustin@cityofpasadena.net>; jkennedy@cityofpasadena.net; jwest@cityofpasadena.net; Masuda, Gene <gmasuda@cityofpasadena.net>; Sullivan, Noreen <nsullivan@cityofpasadena.net>; De La Cuba, Vannia <VDelaCuba@cityofpasadena.net>; Suzuki, Takako <tsuzuki@cityofpasadena.net>; Stone, Rhonda <rstone@cityofpasadena.net>; Stewart, Jana <janastewart@cityofpasadena.net>

Subject: UPCOMING SHORT TERM RENTAL MEETING, OCT. 2- Please consider.

To Council Representatives and City Personnel,

Thank you all in advance for taking the time to listen and read the concerns regarding Short Term Rentals (STR). Unfortunately, I cannot be at next Monday's, October 2 meeting, however, I've spoken at every other meeting, and written several emails to some of you. My position has not changed and I will bluntly present it here.

The regulations should be reasonable and fair. A tax and business license is reasonable and fair. Regulating how many nights based on hosted or un-hosted stays; whether it's a whole unit, or just a room; where the property is relative to where the owner lives; having annual inspections for a permit etc., is unreasonable. This level of control and punitive detail promotes adverse incentives.

The last proposal back in June was a good step in the right direction. The initial City proposal was much too draconian. City Council Representatives came a long way in pushing back on those who really want to see STR shut down entirely, or at least under a lot of controls and oversight. Thank you! I think we can all agree that there is both a need and benefit to offering STR in our community. The concerns about this issue have been greatly exaggerated.

From the last City proposal, the issues that bother me most are:

1. The outright banning of "vacation homes"
2. Severely limiting un-hosted stays versus hosted stays
3. Physical inspections

At the last meeting in June, Chairman Gordo proposed a pilot program for “vacation homes.” This is a good solution to the outright banning of whole unit rentals. The outright banning of anything, rarely, if ever works, and only allowing rentals to shared units is unfair and short-sighted.

Limiting the number of nights based on un-hosted versus hosted stays is impractical from an enforcement point of view, and I could argue for that reason alone, it should be dropped. It should not be a priority. In addition, it is not fair. There is virtually no difference to the community how many people are sleeping in Pasadena, and neighbors don't get to choose who's sleeping where. And, if there is, then there should be limits on hosted stays as well, because people are now sleeping in their homes too. To discriminate against un-hosted stays versus hosted stays, by putting a completely arbitrary limit on un-hosted stays, is petty and unfair.

Physical inspections are a burden and an intrusion. Occupancy licenses are given at the time of a sale, and unless there is a complaint, home inspections should be done only on the rarest and most serious occasions. Additionally, this type of service helps to self regulate. The more there is open communication about the properties and services the better everyone is. Thanks to online platforms, public reviews of short-term rentals provides an incentive for keeping the units safe and habitable. A physical inspection can deter people from registering, limiting your supply of compliant STR.

All of these items are adverse incentives and the effects these overreaching policies could have will likely lead to worse conditions, not better.

This industry will continue to transform, but it is not going away. As much as some people don't want any change in their neighborhoods, people as a whole are very adaptable. And, until there is real data about how this negatively impacts the quality of life, there should be very light regulations of a permit and TOT collection. Once in place you can track legitimate problems and use the revenue to focus on real issues like crime, unemployment, utility maintenance etc.

I will be very grateful should you agree with these items and vote accordingly.

Looking forward to seeing the new proposal.

Thank you for reading and considering these points.

Bonnie Wallace
Pasadena resident since 1985

Live in District 7, Rental in District 2

TO: Pasadena City Council, Planning Department, EdTECH Committee, Planning Commission and other relevant parties
FROM: Carol Ebbinghouse, Resident of Pasadena, carol.ebbinghouse@att.net
DATE: September 27, 2017
SUBJECT: **Suggestion for registration of all short term rentals with the city, and an Empirical Study of the impact of Short Term Rentals in Pasadena**

Pasadena is an educated, research-oriented city that appreciates study, the scientific method, and rigorous vetting. For this reason an eighteen to twenty-four month study of the short term rental market in Pasadena is essential to understanding what impacts, what benefits, and trends can be seen. Only then can the city determine how much TOT revenue might be realized in the future by each type of short term rental, what impacts there may be on neighborhoods, and regulate appropriately. Gathering essential data on every type of short term rental in Pasadena is essential to good stewardship, because ignorance has a price.

Pasadena is an intelligent and rigorous research community. According to the Chamber of Commerce the largest employers in the Pasadena area are [educational and research organizations](#).

<u>Major Employers in Pasadena</u>	
• CalTech and JPL	8,929
• PCC, PUSD	4,500
• Art Center, Fuller, Cordon Bleu	<u>1,443</u>
• TOTAL	14,872
• <u>This does not count all of the colleges</u> (LACM, Conservatory of Music, Pacific Oaks, etc.) or the many private schools, Charter schools and early learning centers in Pasadena, nor the Kaiser Medical School that is in the works.	
• <u>Add cultural institutions</u> such as The Huntington Library, USC/Pacific Asia Museum, the Pasadena Museum of History, Playhouse, Boston Court, Noise Within, MUSE/iique, Pasadena Symphony & POPS, and no other field of business comes close!	
SOURCE: Pasadena Chamber of Commerce 2017 Business Directory, Visitor & Community Guide, page 18.	

Unlike other cities, Pasadena has the intellectual resources to put out an RFP for a study and have multiple bidders from within the city itself competing; and perhaps even cooperating in various parts of the study--playing on the strengths of each institution.

Pasadena not only has a history of studying its options and the consequences of its actions; it considers **bold, new approaches** to issues that have stymied other cities and counties.

Don't Regulate--Delegate

Rather than copy other cities that have unwieldy if not unworkable regulations, Pasadena can delegate registration of short term rentals to the companies best able to enforce the regulations--the hosting platforms themselves. Requiring passthrough registration by the largest of the hosting platforms, Airbnb and HomeAway, the companies would be responsible for registering every short term rental listing and every host that advertises on their sites; assigning unique registration numbers; posting registration numbers on each ad; collecting and remitting Transient Occupancy Taxes (TOT), and accounting to the city for every transaction.

Pasadena can create a set of regulations that:

- places a temporary (18 months to 2 year) ban on any short term rental not registered with the city for purposes of the study;
- creates a duty for the hosting platforms to not just implement registration, but also to enforce the law, as their business models permit;
- this makes the collection of TOT automatic for some platforms and mandatory for all hosts, whether on hosting platforms or not;
- all at no cost to the city;
- the city will be creating an incentive for all hosts to register and become legal; as carrots are better than sticks in encouraging compliance.

Only this way will the city have the complete data it needs, and the TOT collection to help fund the study.

[Malibu has employed this approach](#) [See Appendix] since April of 2015, and has had success. Chicago, New Orleans and San Francisco are now taking this approach. A “no-muss, no-fuss” way to collect TOT from guests of at least two of the most popular platforms, which handle all of the registration paperwork and TOT compliance for the city (and the hosts)! In addition, the platforms would be most helpful in data gathering and processing for the study.

Pasadena does not have the resources to identify, register and regulate every current and future individual home sharer and/or short term rental in Pasadena--but the platforms do; and two of the largest platforms are willing to do so. Pasadena cannot hope to determine how many short term (30 days or less) rentals occur, much less the total payment by the guest(s) on which to base the Transient Occupancy Tax (TOT)--but a number of the

platforms have this information and are willing to collect their guest's TOT payments up front, and remit them directly to the city.

Pasadena does not have the power to require the platforms to turn over their host or guest information as there are confidentiality and privacy issues at stake--just as Pasadena cannot require hotels to identify who stayed when. Yet Pasadena trusts hotels to collect and remit transient occupancy taxes; and Pasadena could rely upon the platforms for TOT. Until trust is established the city can request an audited statement by an independent accounting firm to verify the remitted taxes are accurate.

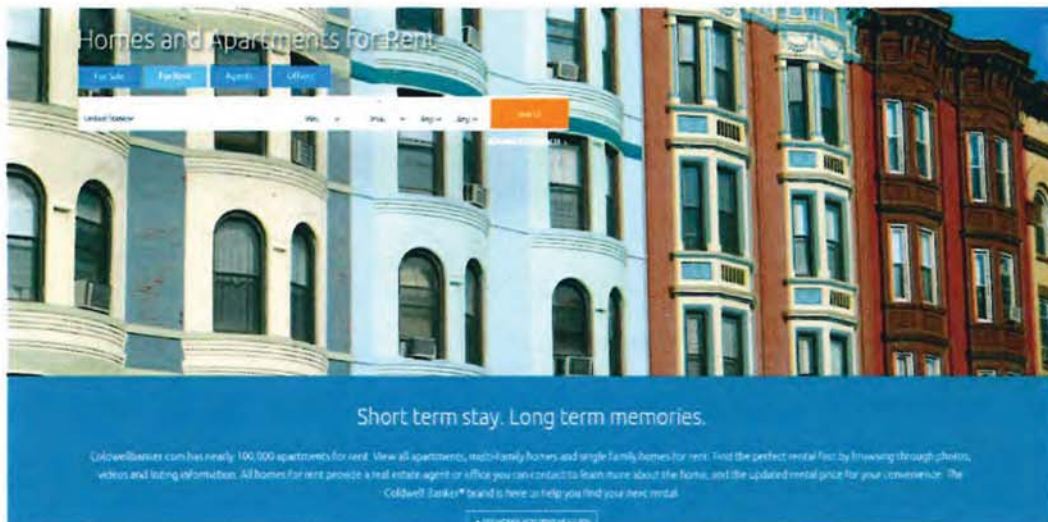
Pasadena does not have to make the same mistakes of other cities who accepted TOT remittances from platforms without a plan; like Los Angeles and other cities who have come to rely upon STR income for basic budget needs *while attempting to regulate the industry*.

There are a few platforms that have a business model that precludes gathering any information on transactions between hosts and guests—since they do not facilitate calendars, payments, or even know whether a stay was ever made. Such a platform would not be able to provide information it does not have to the city. However, those platforms ***could be required to post registration numbers*** for each Pasadena listing they advertise--which could easily be compared with those of Airbnb (by far the largest short term rental company) and HomeAway to identify hosts who do and do not cross-list on multiple platforms.

Such a plan would not only assure that all hosts advertising on hosting platforms are in fact registered (“legal”), but will narrow down enforcement to individual hosts and corporations that advertise their rentals on their own web sites and/or the more anonymous hosting platforms.

And what of the hosts who do not use online platforms at all?

There are homes in Pasadena brokered for [short term rentals by real estate agents in Pasadena](#)), and [other listing services](#) as well as their own web sites.



In addition, there are homes in single family neighborhoods owned and rented out short-term by corporations in Pasadena:

- [One has 90 properties](#) ranging in size from one-bedroom apartments to six-bedroom single family homes.
- [Another has 145 units](#) of housing from studio to 4 bedroom homes. Some [units are limited to 28 days maximum](#).
- Yet others have taken over [multiple apartment units](#) and [entire buildings](#):
- Another has [functioned as a hotel for](#) almost a century.

Pasadena's most recent proposed regulations (unlike Malibu's) do not cover these short term rental players. Any *new regulations should include all short term rentals* in registration and TOT collection; not just those affiliated with hosting platforms.

Pasadena deserves all the TOT it can gather, from any and all guests at transient (30 days or less) rentals. It would be a disservice to the taxpaying citizens of Pasadena to do anything less.

The Occasional Host (two weeks or less a year)

At the Planning Commission, several Commissioners wondered whether there might be a way to provide a streamlined approach for those who host guests for two weeks or less (in line with the IRS code provisions that renting a primary or second home for two weeks or less is a non-taxable event). The Planning Department responded it would be too difficult to enforce, and too complicated to create two kinds of regulations, different registrations and two kinds of permits.

In fact, the city has already demonstrated that making allowances during the New Year weeks (such as lack of enforcement of residential parking permits from December 23rd through January 3rd) frees police for more important things; while **welcoming the many guests and tourists to the area** (who would be unfamiliar with overnight parking permit regulations); encourages holiday shopping; and **builds good will throughout the holiday season--all of which is far more important.**

From Pasadena Independent,
October 8, 1965:

Rose Parade Housing Rush Starts

The rush is on for reservations for New Year's holiday housing in Pasadena, the Pasadena Chamber of Commerce announced today.

Housing facilities in private homes in Pasadena, Altadena and La Canada are urged to accommodate thousands of tourists who will make Pasadena their headquarters during the Tournament of Roses celebration Jan. 1.

Anyone wishing to rent a room or other accommodations for one or more days over that period can contact the Pasadena Chamber of Commerce Housing Bureau, 5-3355.

Leslie Kates

From Independent Star-News Nov. 3, 1957

Accommodations Sought for New Year's Day Visitors

The Pasadena Chamber of Commerce is again receiving letters from all parts of the United States and Canada, requesting assistance in securing accommodations over the New Year period for visitors who want to come to Pasadena to see the Tournament of Roses Parade and Rose Bowl game.

Hotel and motel accommodations are contracted and the only way Pasadena can show its extended hospitality to these visitors is for one citizen to offer rooms in their homes, or several hundred more done each year, according to G. K. Karl, Jr., Chamber president.

The Chamber invites Pasadena citizens who may have a spare room or rooms over the New Year period to register their accommodations with the Chamber.

The cooperation of citizens each year enables the city to offer the hospitality to hundreds of New Year's visitors. Many expressions of appreciation come back to the Chamber and our citizens for this hospitality, and many new friendships are made, it was stressed by J. Z. Neisewander of the Chamber.

"If you have a spare bedroom which you would be willing to rent for one or more nights," he said, "please fill out the form below and mail to the Pasadena Chamber of Commerce, 182 S. Los Robles Ave., or for further information call the Housing Department of the Chamber, SY 5-3355."

Rose Tournament Guest Reservations

Name: Phone:

Address: City:

No. of rooms: Can accommodate persons. Parking: Yes/No
Private bath? or Shared Bath?

Could you serve breakfast? Prefer to rent for: Nights

... Rooms with twin beds \$..... per room per night \$..... per week
... Rooms with double bed \$..... per room per night \$..... per week
... Rooms with single bed \$..... per room per night \$..... per week

Prefer: Men Women Families with children

Apartment: Can accommodate persons. Bathrooms: Kitchen: Bath:

For the apartment \$..... per night, \$..... per week

100 EAGLE SCOUTS TO SHARE

From the Star News, January 5, 1957

Chamber Aided Rose Fete Housing

Pasadena's Tournament of Roses and Rose Bowl Game is over until 1958. Over 150 million visitors and guests from all over the United States have returned to their homes. The hotels and guest businesses, the restaurants, hotels, even the residents felt the increased impact of "Tournament Time."

But what about the visitors? The families that arrived in Pasadena from thousands of miles away and found nothing available in hotel or motel accommodations? What did they do when they arrived tired and hungry and no place to go?

Usually, they called the Pasadena Chamber of Commerce.

ADDS HOUSING

In addition to an information service and hundreds of phone calls every day, the housing department of the Chamber of Commerce stress plans to help out New Year's Day visitors. Headed by Jim Webberzell and being assisted by other staff members, the temporary department obtained housing for many of the visitors for the year's Tournament of Roses and Rose Bowl Game.

Besides late arrivals in Pasadena desperate for housing facilities, letters, phone calls and requests from throughout the United States during the Chamber office for months in advance requesting information on hotels and homes during the New Year's period — of course, all accommodations have long since been filled.

CONTACTS RESIDENTS

Through letters, publicity and much detailed effort, the Chamber contacts Pasadena residents who offer the hospitality of their homes to visitors. Acting as liaisons between the potential visitors and Pasadena residents, the Chamber enabled many families to view the famous New Year's events.

"Though it's a real job and entails night and day work, letters expressing their appreciation for the effort in obtaining accommodations for these visitors demonstrate the heartfelt thanks of these people who otherwise couldn't have viewed Pasadena's beautiful Tournament of Roses festivities."

During the initial study, Pasadena would be able to enforce TOT collection and permit the occasional host (for two weeks or less a year) using a hosting platform to take advantage of such big draw events, yet not be troubled by having to learn the protocol, regulations and requirements for registering with the city for a year-long permit when they only plan to host guests a few days at the beginning and/or middle of the year!

Having the platforms automatically register all hosts and collect the TOT would not just streamline the process, but make it virtually painless for those occasional (and all other) hosts.

Premature regulation could drive these people underground, or dissuade them entirely from hosting--just when Pasadena needs as many accommodations as possible to keep most visitors within the city--to spend their money here in Pasadena. What a sad state of affairs for local businesses and city coffers to dissuade people from hosting tourists during such limited prime times. It would certainly send the wrong message to technology and sharing economy companies considering Pasadena for their headquarters

Separate permits for hosted and unhosted stays

The hosted and unhosted stays issue is a perfect justification for conducting a study to determine whether, in fact, there might be issues or complaints about unhosted vs. hosted stays—since *there are not really any complaints at all about either!*

Creating a complex of multiple permits and registration numbers will only clog the ability of platforms to handle pass-through registrations; require unnecessarily duplicative permits; forms and procedures; and do nothing to streamline the process or protect neighborhoods. Not even the hosting platforms can track whether a stay is hosted or not. Reservations do not capture this information.

Every hosted stay can potentially become an unhosted stay if the host is called out of town. Even an unhosted stay can change status if the host's plans fall through, and the host is home.

Back-up contact for the host

A property management company fills this position for the realty and corporate listings. However, no home sharers (owner occupied rentals of bedrooms, accessory structures or accessory dwelling units on the host's property) can afford such a service when they are just trying to add a little income for the mortgage. They rely upon friends who are home sharers, or a neighbor with a key in case the guest needs something and can't reach the host while the host is at work, on a scouting trip or otherwise away from the house.

For all of the same privacy reasons that host's identities, addresses, etc. will not be public, **no "back-up" friend or neighbor's name & contact information should be on a city site.** Registration of property management companies is one thing; but registration of individuals (neighbors, friends or cohosts) with the City simply won't work. If for no other reason than they, too, can be called out of town on a moment's notice.

Airbnb on the other hand, can remove a disruptive guest immediately and ban him/her from the service forever after a **complaint from a host**. It can also swiftly and permanently deal with a problem host upon a complaint by a guest, a neighbor or the city.

Conclusion

General George F. Patton once said, “The object of war is not to die for your country but to make the other poor bastard die for his.” Pasadena should not try to regulate platforms or hundreds of hosts, but should enlist the hosting platforms to do the grunt work for the city.

The study will illuminate just what is important to regulate by gathering the data needed. The data can be parsed by rentals in residential vs. commercial corridors. The hosting platform algorithms are tracking the hosts, the guests, the number of stays, where, for how long and every other detail essential to running the hosting platform--they can report by charts, maps or other outputs. The registration numbers can be used to compare locations of STRs with CrimeMapping and other data. Let the enterprises capture the data; retrieve it; report it to the city in whatever anonymised way the city wants to have it for the study.

Computer-intensive enterprises have people with expertise and computing hardware and other resources that are able to discover and provide *information unanticipated by anyone*: As but one example, Google discovered that it could identify and track influenza epidemics far ahead of hospital- or doctor-reported incidents—and shared it with the CDC! One can never anticipate what valuable big data will be discovered by cutting-edge computing companies!

The risk of regulating the hosting enterprise is that an innovative company needs to quickly adapt and evolve, change direction and adjust its business model--and regulations could cripple the company, freezing it in time with one innocent regulation that has unintended yet devastating consequences.

If Pasadena wants to attract innovative enterprises, its regulatory environment must adopt a mutually beneficial, creative and symbiotic regulatory scheme. In a city blessed with renowned research and educational institutions, failure to conduct a study *before* imposing potentially-innovation-crushing regulation is unconscionable.

APPENDICES

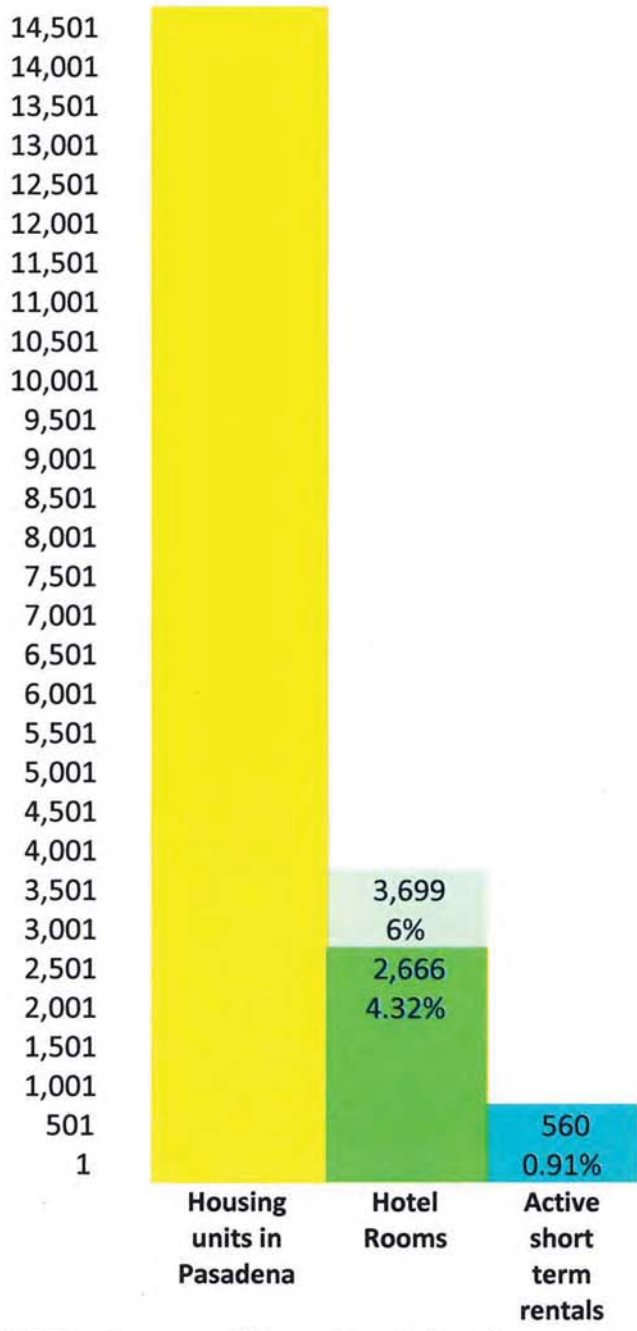
1. Chart of Pasadena's population, housing units and Short Term Rentals.
2. Chart of growth of population, housing units and Airbnb rentals.
3. City of Malibu's Municipal Code on short term rental passthrough registration through Airbnb and its requirements for registration of short term rentals not advertised through compliant hosting platforms.

Carol Ebbinghouse
Cell 626-716-0865 Call or text
Office 213-830-7241
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	Housing units in Pasadena	Hotel Rooms	2017 Active short term rentals
65,000	61,660		
60,000	100%		
55,001			
54,501			
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53,001			
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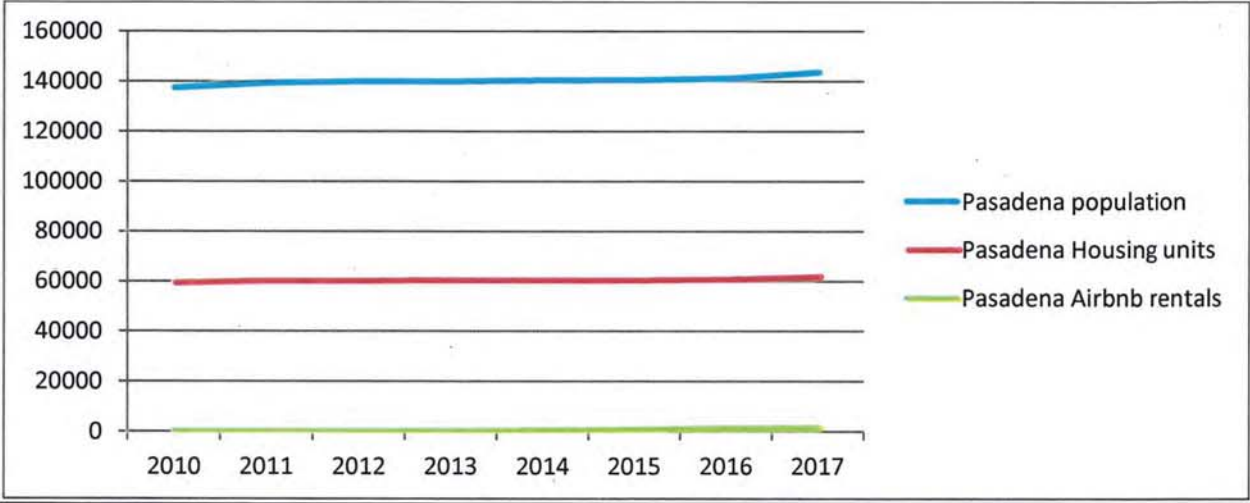
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*NOTE: Soon an additional 1,033 hotel rooms, totaling 3,699 rooms will constitute 6% of all housing units.

Chart of growth of population, housing units and Airbnb rentals.



Malibu short term rental registration requirements.

From: <https://www.malibucity.org/index.aspx?nid=322>

Transient Occupancy Tax (TOT) - Residential

Effective July 1, 2009, all homes or other structures that will be rented or leased for a period of 30 days or less must register with the City of Malibu and will be subject to a transient occupancy tax (TOT) per [Malibu Municipal Code](#) Section 3.24.

In April 2015, the City announced that Airbnb had agreed to collect and remit the TOT on behalf of property owners who use its service. Beginning April 20, 2015, Airbnb users will no longer have to register with the City, nor will they have to collect and submit quarterly tax returns to the City, a real benefit that will save those users time and help them avoid any penalties or fines imposed if taxes are not properly collected and timely paid.

Property owners must continue to collect and remit TOT taxes on their own for any rental resulting from the use of other vacation rental websites or made independently. Failure to register, collect, and remit these taxes will subject property owners to prosecution for back taxes, penalties, and interest due.

The City of Malibu requires a Special Event Permit (SEP) for events held at a rented residential location with an attendance of 15 people or more pursuant to Malibu Municipal Code section 5.34.020 (C). Please inform your renters of the SEP permit requirement in advance of the rental agreement. An unpermitted event is subject to code enforcement action.

Click the links below for additional information, including the forms required for registration of rental property and for remittance of the TOT.

Questions

- For general information regarding short-term rentals or the TOT program, call 310-456-2489.
- Residents who wish to report a nuisance related to a short-term rental in their neighborhood may call 805-495-7521 during normal business hours or 805-732-9433 outside of regular business hours. The resident should be prepared to provide the rental address.

preferences at any time by logging in to manage your subscription.

Resources

- [Transient Occupancy Tax \(TOT\) Information Notice](#)
- [Transient Occupancy Tax \(TOT\) General Information](#) - Answers to frequently asked questions
- [Transient Occupancy Tax \(TOT\) Registration Form](#) - Form required to register a private property intended to be rented or leased for a period of 30 days or less; fill out online, print, and submit to the City
- [Transient Occupancy Tax \(TOT\) Remittance Form](#) - Form required for submittal with payment of TOT; complete online, print, and submit with payment of tax due
- [Home Sharing in the New Economy](#) (*Western City Magazine*, August 2015) - Co-authored by Trevor Rusin, Jenkins & Hogin LLP