



MEMORANDUM

Ordinance 23-61(S), An Ordinance of the City Council of Homer, Alaska Amending Homer City Code Title 5.8 to add Chapter 5.48 8.05 Short Term Rentals. Aderhold/Davis.

Item Type: Backup Memorandum
Prepared For: City Council
Date: February 21, 2024
From: Julie Engebretsen, Economic Development Manager

Staff will be making a presenting on this ordinance at the work session.

Introduction

Council introduced Ordinance 23-61 regulating short term rentals in November. The ordinance was sent to the Economic Development and Planning Commissions for comment, with a return to Council for the February 26th 2024 meeting. Staff, Commissions and members of the public have worked diligently to meet this timeline.

Public process

There has been a lot of outreach on this ordinance and several community members have been engaged throughout the process. Staff spoke at a Guiding Growth luncheon, launched a website, and participated in a Chamber of Commerce panel with local realtor Chris Story and Marcia Kuszmaul, President of the Homer Bed and Breakfast association. The EDC held two work sessions and two regular meetings on the topic. Local AirBnB hosts and Homer residents provided written testimony and public comment and the EDC meetings were well attended. The Planning Commission also considered the ordinance at one well attended meeting.

Recommendations:

The EDC had a lot of discussion and Commissioners each provided comment at the 2/13/24 meeting which is provided as backup to this memo. The EDC passed the following motion: **EDC RECOMMENDS THAT CITY COUNCIL BRING THIS ORDINANCE BACK TO THE DRAWING BOARD AND DRILL DOWN DEEPER INTO THE ISSUES THAT THEY ENVISIONED THAT THIS ORDINANCE WOULD ADDRESS AND TAKE INTO CONSIDERATION ALL POINTS MADE BY THE EDC, THE PLANNING COMMISSION, AND MEMBERS OF THE PUBLIC.**

The Planning Commission passed the following motion. Their further comments will be provided to Council when they are ready – likely for the supplemental packet.

STARK/VENUTI MOVED THAT THE PLANNING COMMISSION SUPPORTS THE MOTION ADOPTED BY THE ECONOMIC DEVELOPMENT ADVISORY COMMISSION AT THEIR REGULAR MEETING OF FEBRUARY 13, 2024 THIS ORDINANCE WOULD ADDRESS AND TAKE INTO CONSIDERATION ALL POINTS MADE BY THE EDC, THE PLANNING COMMISSION, AND MEMBERS OF THE PUBLIC.

Staff Comments: Staff is working through legal review of the ordinance on a few final details. Staff expects to work with the attorney and Council sponsors the week of March 26 and provide a final ordinance in time for the March 11 packet.

Recommendation for February 26, 2024: Substitute Ordinance 23-61 (S), conduct a public hearing, and postpone action until March 11, 2024. Ordinance 23-61(S-2) should be available for public hearing and action on March 11th.

Attachments

EDC minutes excerpt 2/13/24

EDC minutes from January 12th 2024 meeting

Public comment from Mel Kim

Public comment from Dorothy Duncan (3 letters, 1/6/24, 2/12, 2/19)

Public comment from Penelope Haas 2/21/24

Public comment from Charles Anderson (2 documents, February 6th)

Public comments from William and Marianne Schlegelmilch 12/26/24

Public comment from Maureen Kennedy 12/6/23

KPB Landlords or Lodging Providers booklet

City of Homer Draft Short Term Rental Regulation website

State of Alaska Business Licensing FAQ's

2/13/24 Staff report to the EDC

Excerpt, EDC Unapproved Minutes 2/13/24 meeting

PENDING BUSINESS

A. Short Term Rental Ordinance

BROWN/KIM MOVED TO ADOPT ORDINANCE 23-61 EDC FEBRUARY DRAFT AS PRESENTED.

Commissioner Brown stated that she was going to be voting against this draft of the ordinance, and she strongly encouraged all other members of the EDC to vote against it as well. She explained her reasoning for voting against it, stating that the first two whereases that the ordinance was drafted on have been stricken from the document, adding that there was no question that those two reasons were the premise for this ordinance in the first place. She continued, voicing that she's not attuned to supporting something that there's not a need for. She felt strongly that the ordinance isn't addressing the problems listed.

Commissioner Arevalo said that she was at a mental crossroad, claiming that this ordinance doesn't do a lot of anything in actuality, but added that it does bring forth some points that bear further discussion. She warned the Commission about scrapping the entire ordinance as a whole, explaining that doing so might make it hard for the ordinance to be brought back at a later time.

Commissioner Pitzman agreed with Ms. Arevalo in terms of this ordinance not doing a whole lot. Mr. Pitzman stated that he felt a lot of good things come out of regulation, pointing to his experience in the commercial fishing industry and the safety precautions that have been put in place within that industry as a result of regulations. Mr. Pitzman provided that he even has a rental in Homer, and would still be willing to provide his business license and meet all other proposed requirements of the ordinance. He added that communities change over time and the City needs to be able to react to changing times. His closing thoughts were that the City is well within its right to know who's conducting business within the City limits, and furthermore that the proposed ordinance is so innocuous in his opinion that he is in support of it.

Commissioner Hasche stated that he felt lines 19 through 21 should be stricken from the document. He was in favor of making the ordinance smaller.

Commissioner Brennan stated that she is still confused as to why this ordinance is being put forth. She continued, saying that overall she would be voting no in support of the ordinance, simply because that's what she's hearing from the majority of everyone, and that the ordinance isn't solving the issues that it was intended to.

Commissioner Kim said that he wished he had more context from Council Members Aderhold and Davis. He added that the policy objectives of this ordinance are not clear, and he felt that was being echoed by many in the room. He also said that the language of the ordinance doesn't clearly reflect what they're trying to do. Mr. Kim said that his overall feeling is that the ordinance needs a lot of work. He reasoned that the proposed outcomes don't seem unreasonable to him, but that he's also not a short term rental owner.

Commissioner Brown commented again, reiterating that she felt the ordinance needs to be voted down. She felt strongly that this proposed ordinance doesn't do anything to remedy the housing issues that are being raised.

Commissioner Pitzman took the floor again to explain that he's operating on the basis that the City having this information (registration, self-certification, emergency contact), they will be able to make informed decisions now and in the future. He added that it seems the ordinance should be kicked back to Council for them to have another look at it. Chair Marks stated that what Mr. Pitzman said would be a good lead into the process.

Chair Marks stated that she felt the wherases and the reason for doing something are very important. She continued, saying that she agreed that having statistics is important, but at the same time to pass something just so they can have some information might not be a good reason to have another ordinance. She suggested rather than amending it, it should be sent back to City Council with the basics of what's been said at the meeting tonight.

HASCHE/PITZMAN MOVED TO AMEND THE EDC DRAFT OF ORDINANCE 23-61 BY STRIKING OUT LINES 19 THROUGH 21.

Commissioner Pitzman stated that it's difficult to pick out there wherases, and that it seems that Council needs to readdress the whole whereases section and take another look at where this is coming from.

There was no further discussion on the amendment.

Chair Marks requested a roll-call vote for the amendment.

VOTE (AMENDMENT): NO: MARKS, AREVALO, BROWN, PITZMAN, BRENNAN, KIM.

VOTE (AMENDMENT): YES: HASCHE.

The motion for amendment failed with 6 against and 1 in favor.

Chair Marks requested a roll-call vote for the main motion.

VOTE (MAIN MOTION): NO: PITZMAN, BRENNAN, KIM, MARKS, HASCHE, BROWN, AREVALO.

The motion to adopt the EDC Draft of Ordinance 23-61 failed with 7 votes against and 0 in favor.

AREVALO/PITZMAN MOVED THAT THE EDC RECOMMENDS THAT CITY COUNCIL BRING THIS ORDINANCE BACK TO THE DRAWING BOARD AND DRILL DOWN DEEPER INTO THE ISSUES THAT THEY ENVISIONED THAT THIS ORDINANCE WOULD ADDRESS AND TAKE INTO CONSIDERATION ALL POINTS MADE BY THE EDC, THE PLANNING COMMISSION, AND MEMBERS OF THE PUBLIC.

Commissioner Kim stated that he felt it might be prudent of the Commission to give an economic reason for sending it back. He added that providing clear goals so that the Council knows what the Commission is asking of them would be a good idea.

Chair Marks requested a roll-call vote for the motion proposed by Commissioner Arevalo.

VOTE: YES: AREVALO, BROWN, KIM, BRENNAN, PITZMAN, MARKS, HASCHE.

Motion carried.

Commissioner Brown provided her reasons for voting to send the ordinance back to City Council, stating that the original ordinance is not necessary based on the objectives that she believes were the purpose of it. Further, she said that it's not solving a problem clearly.

Commissioner Kim stated that he voted against the ordinance because it lacks explicit policy objectives, the corresponding language doesn't clearly reflect these policy objectives, and that a lot more work can be done to address the root issues.

Commissioner Arevalo voted against the ordinance, stating that while she sees many flaws with the ordinance, she doesn't believe it should be scrapped entirely because there are issues that, with modification, could potentially be addressed, and also because the Commission is uncertain as to some of the objectives behind the authors of the ordinance. She concluded that the ordinance isn't very clear to anyone and could use some work.

Commissioner Hasche stated his reasons for sending the ordinance back to City Council, citing lack of enforceability and his feeling that the ordinance doesn't address the problems that it set out to solve.

Commissioner Pitzman said that his reason for sending the ordinance back to City Council was for them to reconsider it, and to modify the intent and the wherases to line up more closely with the ordinance.

Commissioner Brennan provided her reason for voting to send the ordinance back to the Council, stating that it was mostly due to the reason that she keeps finding perceptions and feelings rather than facts throughout the ordinance and documents pertaining to it. She pointed to the City Manager's memo from October that claims that short term rentals are clearly a contributor to the lack of availability and affordability in our local housing markets, stating that after months of meetings and forums the Commission has not been able to prove that's true.

Chair Marks gave her reasons for voting to send the ordinance back to City Council, saying that she thinks this ordinance unduly reflects zeroing in on one business sector. She added that she would like to see something addressed on a broader business-like situation, so that the entire business community is looked at in general.

Economic Development Manager Engebretsen stated that the Chamber of Commerce is celebrating its 75th Anniversary on Friday, January 26th at Land's End.

C. Homer Marine Trades Association Report

Chair Marks noted the minutes from the last meeting of the Homer Marine Trades Association that were included in the packet.

D. Kenai Peninsula Economic Development District Report

Chair Marks noted that KPEDD's meeting is scheduled for January 18th, and further that she would report back at the Commission's February meeting.

E. Port Expansion Project

Mayor Castner stated that the only update is that the Council is halfway through an ordinance to approve the additional studies that the Corps has requested the City to do.

F. Guiding Homer's Growth Group

Ms. Engebretsen informed the Commission about the potential of the group hosting a movie called "Cruise Boom."

G. HERC Update

Ms. Engebretsen shared her excitement about the new special projects/City engineer coming on board in the next month or so who has experience with Brownfield Grants.

PUBLIC HEARING

PENDING BUSINESS

A. Short Term Rentals

The Commission reached a general consensus to host the February 13th Work Session at 4:30 p.m.

The Commissioners went on to discuss short term rentals and the proposed ordinance. Discussion points included:

- The purpose of the ordinance
- Registration requirements and tax compliance of short term rental owners
- Enforcement and implementation
- Potential future regulations
- Housing and zoning issues
- Data and evidence of perceived issues
- Call for transparency and clarity in the ordinance's wording
- Nuisances and complaints

The Commission agreed that there was a need for further discussion regarding the proposed ordinance.



A Practical Guide
To Effectively Regulating Short-term
Rentals on the Local Government Level

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Introduction: The meteoric rise of “home-sharing” and short-term rentals

Sharing our homes has been commonplace for as long as there have been spare rooms and comfortable couches. Whether through word of mouth, ads in newspapers or flyers on community bulletin boards, renters and homeowners alike have always managed to rent out or share rooms in their living spaces. Traditionally these transactions were decidedly analog, local and limited in nature, but with advance of the internet and websites such as Airbnb.com and HomeAway.com it has suddenly become possible for people to advertise and rent out their homes and spare bedrooms to complete strangers from far-away with a few mouse-clicks or taps on a smartphone screen. As a result, the number of homes listed for short-term rent has grown to about 4 million, a 10 fold increase over the last 5 years. With this rapid growth, many communities across the country are for the first time experiencing the many positive and negative consequences of an increased volume of “strangers” in residential communities. While some of these consequences are arguably positive (increased business for local merchants catering to the tourists etc.) there are also many potential issues and negative side-effects that local government leaders may want to try to mitigate by adopting sensible and enforceable regulation.

How to effectively regulate home-sharing and short-term rentals has therefore suddenly become one of the hottest topics among local government leaders across the country. In fact, at the recent National League of Cities conference in Nashville, TN, there were more presentations and work sessions dedicated to this topic than to any other topic. Yet, despite more than 32,000 news articles written on the topic in recent years¹, surprisingly little has been written on how to implement simple, sensible and enforceable local policies that appropriately balances the rights of homeowners with the interests of neighbors and other community members who may only experience the negative side-effects associated with people renting out their homes on a shortterm basis. This guide seeks to address this knowledge gap and offer practical advice and concrete examples of short-term rental regulation that actually works.

Why regulate home-sharing and short-term rentals in the first place?

There are many good reasons why local government leaders are focused on finding ways to manage the rapid growth of home-sharing and short-term rental properties in their communities. To name a few:

1. Increased tourist traffic from short-term renters has the potential to slowly transform peaceful residential communities into “communities of transients” where people are less interested in investing in one another’s lives, be it in the form of informal friend groups or church, school and other community based organizations.
2. Short-term renters may not always know (or follow) local rules, resulting in public safety risks, noise issues, trash and parking problems for nearby residents.
3. So-called “party houses” i.e. homes that are continuously rented to larger groups of people with the intent to party can severely impact neighbors and drive down nearby home values.
4. Conversion of residential units into short-term rentals can result in less availability of affordable housing options and higher rents for long-term renters in the community.
5. Local service jobs can be jeopardized as unfair competition from unregulated and untaxed short-term rentals reduces demand for local bed & breakfasts, hotels and motels.
6. Towns often lose out on tax revenue (most often referred to as Transient Occupancy Tax / Hotel Tax / Bed Tax or Transaction Privilege Tax) as most short-term landlords fail to remit those taxes even if it is required by law.
7. Lack of proper regulation or limited enforcement of existing ordinances may cause tension or hostility between short-term landlords and their neighbors.

8. The existence of “pseudo hotels” in residential neighborhoods (often in violation of local zoning ordinances etc.) may lead to disillusionment with local government officials who may be perceived as ineffective in protecting the interests of local tax-paying citizens.

In short, while it may be very lucrative for private citizens to become part-time innkeepers, most of the negative externalities are borne by the neighbors and surrounding community who may not be getting much in return. The big question is therefore not whether it makes sense to regulate short-term rentals, but how to do it to preserve as many of the benefits as possible without turning neighbors and other local community members into “innocent bystanders”. In the next sections we will explore how to actually do this in practice.

Effective short-term rentals regulation starts with explicit policy objectives and a clear understanding of what regulatory requirements can be enforced

As with most regulation enacted on the local level, there is no “one size fits all” regulatory approach that will work for all communities. Instead local regulation should be adapted to fit the local circumstances and policy objectives while explicitly factoring in that any regulation is only worth the paper it is written on if it can be enforced in a practical and cost-effective manner.

Start with explicit policy objectives!

As famously stated in Alice in Wonderland: “If you don't know where you are going, any road will get you there.” The same can be said about short-term rental regulation, and unfortunately many town and city councils end up regulating the practice without first thinking through the community's larger strategic objectives and exactly which of the potential negative side effects

As an example, the Town of Tiburon in California recently passed a total ban of short-term rentals without thinking through the severely negative impact of such regulation on its stated strategic policy objective of revitalizing its downtown. Likewise the City of Mill Valley, California recently adopted an ordinance requiring short-term landlords to register with the city, while failing to put in place an effective mechanism to shut-down “party-houses” although there had been several complaints about such properties in the past. Such oversight was clearly unintentional but highlights the fact that the topic of regulating short-term rentals is extremely complicated and it is easy to miss the forest for the trees when it comes time to actually writing the local code. To avoid this pitfall, local government leaders should therefore first agree on a specific list of goals that the new short-term rental regulation should accomplish before discussing any of the technical details of how to write and implement the new regulation. Any draft regulation should be evaluated against these specific goals and only code requirements that are specifically designed to address any of those concrete goals should be included in the final ordinance. Below are a few concrete examples of what such lists of concrete policy objective could look like for various types of communities:

Example A: List of short-term rental policy objectives for an affluent residential community in attractive location

- Ensure that traditional residential neighborhoods are not turned into tourist areas to the detriment of long-time residents
- Ensure any regulation of short-term rentals does not negatively affect property values (and property tax revenue)
- Ensure that homes are not turned into pseudo hotels or “party houses”
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give permanent residents the option to occasionally utilize their properties to generate extra income from short-term rentals as long as all of the above mentioned policy objectives are met

Example B: List of short-term rental policy objectives for an urban community with a shortage of affordable housing

- Maximize the availability of affordable housing options by ensuring that no long-term rental properties are converted into short-term rentals
- Ensure that short-term rentals are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs
- Ensure that the city does not lose out on hotel tax revenue that could be invested in much needed services for permanent residents
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Give citizens the option to utilize their properties to generate extra income from shortterm rentals as long as all of the above mentioned policy objectives are met

Example C: List of short-term rental policy objectives for a workingclass suburban community with ample housing availability and a struggling downtown

- Give property owners the option to utilize their properties as short-term rentals to help them make ends meet
- Encourage additional tourism to drive more business to downtown stores and restaurants
- Minimize public safety risks and the noise, trash and parking problems often associated with short-term rentals without creating additional work for the local police department
- Ensure that the city does not lose out on tax revenue that could be invested in much needed services for permanent residents

Example D: List of short-term rental policy objectives for beach town with a large stock of traditional vacation rentals

- Ensure any regulation of short-term rentals does not negatively affect the value of second homes (and thereby property tax revenue)
- Encourage increased visitation to local stores and restaurants to increase the overall availability of services and maximize sales tax collections
- Minimize public safety risks and the noise, trash and parking problems associated with existing short-term rentals without creating additional work for the local police department

Once clear and concrete policy objectives have been formulated the next step is to understand what information can be used for code enforcement purposes, so that the adopted short-term rental regulation can be enforced in a cost-effective manner.

Only adopt policy requirements that can and will be enforced!

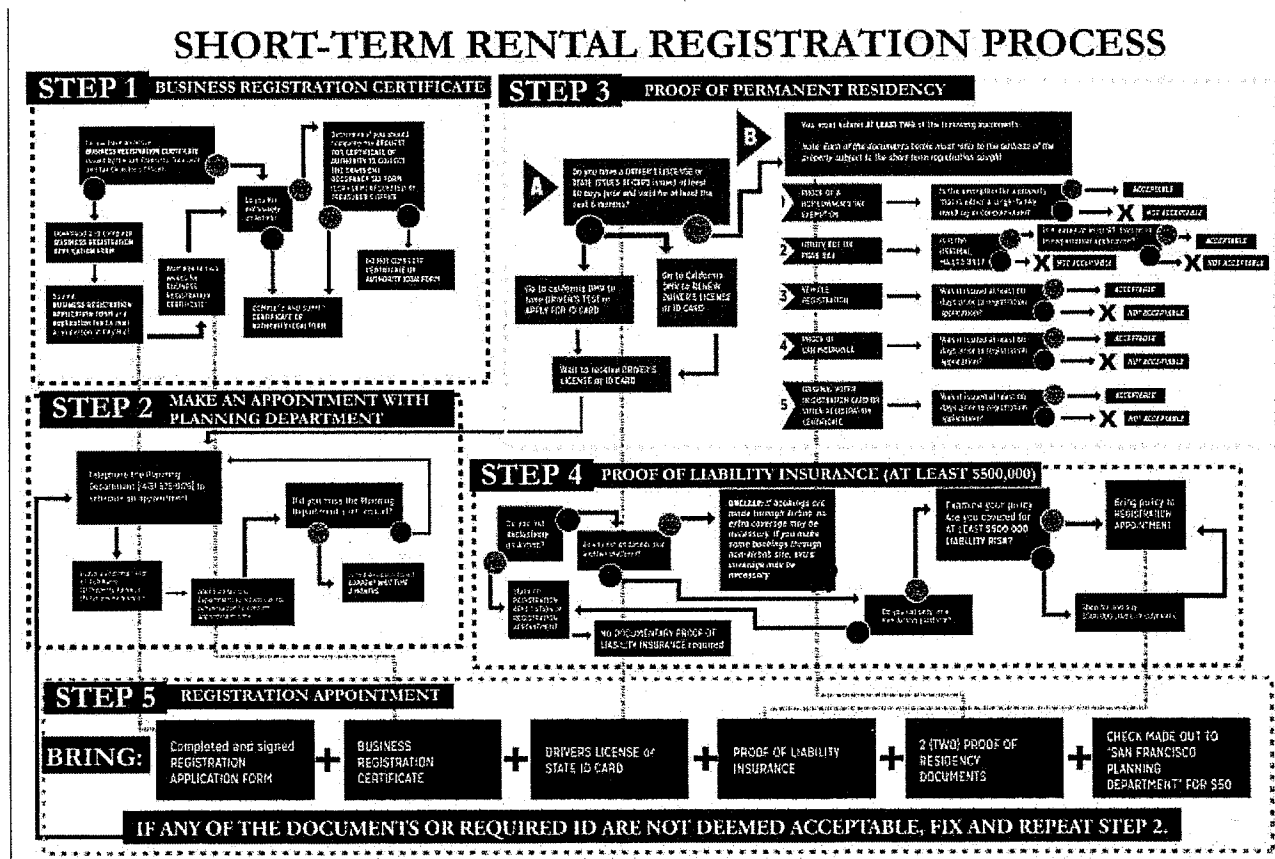
While it may seem obvious that *only enforceable legislation should be adopted*, it is mindboggling how often this simple principle is ignored. To give a few examples, the two California towns previously mentioned not only failed to adopt regulation consistent with their overall strategic policy objectives, but also ended up adopting completely unenforceable rules. In the case of Tiburon, the town council instituted a complete ban of all short-term rentals within its jurisdiction, but not only failed to allocate any budget to enforce it, but also failed put in place fines large enough to deter any violation of the ban. As a result, the number of properties listed for rent has remained virtually unchanged before and after the ban.

In the case of Mill Valley, the town's registration requirement turned out to be completely unenforceable as the town's personnel had neither the technical expertise, time nor budget to track down short-term landlords that failed to register. As a result, the town has had to rely exclusively on self-reporting, and unsurprisingly the compliance rate has been less than 5%.

As for local governments that require short-term rental property owners to pay tax to the local jurisdiction without allocating budget to enforcing such rules, they have found themselves in similar situations, with compliance rates in the 5% range.

Keep it simple!

Another common mistake is for cities to adopt complicated rules that are hard for citizens to understand and follow and that require large investments in enforcement. As an example, despite setting up a dedicated department to enforce its short-term rental regulation, the City of San Francisco has only achieved a 10–15% compliance rate as its regulation is so complicated and its registration process so agonizing that most people give up before even trying to follow the rules. Below is flow-chart that illustrates San Francisco’s cumbersome short-term rental registration process.



While hindsight is 20/20, it is worth noting that the registration requirements were probably wellintended and made logical sense to the council members and staff that adopted them. The problem was therefore not ill-will but a lack of understanding of the practical details as to how the various short-term rental websites actual work. As an example, San Francisco’s short-term rental regulation require that property owner’s display their permit number on any advertising (including online listings) whereas Airbnb’s website has built-in functionality that specifically prevents short-term landlords from doing so and automatically deletes all “permit sounding” information from the listings in most locations. Likewise, San Francisco’s legislation bans anyone for renting their homes for more than 90 days per calendar year, while none of the home-sharing websites give code enforcement officers the ability to collect the data necessary to enforce that rule. To make matters worse, the listing websites have refused to share any property specific data with the local authorities and have even gone as far as suing the cities that have been asking for such detailed data. Local government officials should therefore not assume that the listing websites will be collaborative when it comes to sharing data that will make it possible for local code enforcement officers to monitor compliance with complicated short-term rental regulation on the property level. Instead, local government leaders should seek to carefully understand the data limitations before adopting regulation that cannot be practically enforced. To get a quick overview of what information that can be relied on for short-term rental compliance monitoring and enforcement purposes, please see the diagram below that shows which:

1. Data is publicly available on the various home-sharing websites
2. Information that can be uncovered through the deployment of sophisticated “big data technology and trained experts (or time-consuming and therefore costly detective work conducted by a town’s own staff)
3. property specific details that are practically impossible to obtain despite significant investment of time and money

So where does that leave local government leaders who want to put in place enforceable short-term rental regulation? In the next section we will explore, describe, and assess the viable regulatory tools available for local government leaders to effectively address the key issues related to taxation, regulation, social equity and economic development.

Viable regulatory approaches to managing short-term rentals

As mentioned earlier, the first step to creating effective short-term rental regulation is to document and get agreement on a set of clear and concrete policy objectives. Once this has been accomplished, putting together the actual regulatory requirements can be simplified by referring to the “cheat sheet” below, which lists the regulatory levers that can be pulled to accomplish those goals in a practical and cost-effective manner while factoring in the data limitations highlighted in the previous section.

Short-term Rental Policy Objectives and the Associated Viable Regulatory Approaches		
Policy Objective	Viable Regulatory Approach(es)	Unviable Regulatory Approach(es)
<p><i>Give law abiding and respectful</i> citizens the option to utilize their homes as short-term rentals</p>	<p>Adopt a formal annual permitting requirement and a process for revoking permits from “trouble properties”. As an example a local government can adopt a “3 strikes rule” whereby a permit is automatically revoked for a number of years in the event the local government receives 3 (substantiated) complaints about a property within a certain time frame (i.e. a 24 month period). Alternatively, a local government can adopt a rule by which a permit is</p>	<p>Failing to clearly specify what rules law abiding and respectful short-term landlords and their renters must comply with. Adopting regulation that does not clearly define the criteria and process for revoking a short-term rental permit.</p>

	<p>automatically revoked in the event the town receives conclusive evidence (police report, video evidence etc.) that a city ordinance has been violated.</p>	
<p>Ensure that speculators do not buy up homes to turn them into pseudo hotels while still giving <i>permanent residents</i> the option to utilize their homes to generate extra income from short-term rentals.</p>	<p>Adopt a formal permit requirement and make it a condition that the permit holder verifies residency on an annual basis by submitting the same documentation as is required to verify residency for public school attendance purposes.</p>	<p>Adopting a permitting process that does not formally require shortterm rental permit holders to verify that they are permanent residents of the permitted property.</p>
<p>Ensure that homes are <i>only</i> occasionally used as shortterm rentals (and <i>not</i> continuously rented out to new people on a short term basis).</p>	<p>It is unfortunately not practically possible to enforce any formal limits on the number of times or number of days that a particular property is rented on an annual/quarterly/monthly basis, but adopting a permanent residency requirement for shortterm rental permit holders (see above) can ensure that there is a practical upper limit to how often most properties are rented out each year (most people can only take a few weeks of vacation each year and they are therefore practically restricted to rent out their homes for those few weeks). There is unfortunately no easy way to deal with the tiny minority of homes where the "permanent resident" owners have the ability to take extended vacations and rent out their home continuously. That said, if the above mentioned "permanent residency requirement" is combined with rules to</p>	<p>A formal limit on the number of times or number of days each property can be rented on an annual/quarterly/monthly basis is not enforceable as occupancy data is simply not available without doing a formal audit of each and every property.</p>

	<p>mitigate noise, parking and trash related issues, the potential problems associated with these few homes should be manageable. Adopting a “permanent residency requirement” also comes with the additional side benefit that most people don’t want to rent out their primary residence to people who may trash it or be a nuisance to the neighbors. The “permanent residency requirement” can therefore also help minimize noise, parking and trash related issues.</p>	
<p>Ensure homes are <u>not</u> turned into “party houses”.</p>	<p>Adopt a formal permit requirement and put in place a specific limit on the number of people that are allowed to stay on the property at any given time. The “people limit” can be the same for all permitted properties (i.e. a max of 10 people) or be correlated with the number of bedrooms. In addition, the regulation should formally specify that any advertisement of the property (offline or online) and all rental contracts must contain language that specifies the allowed “people limit” to make it clear to (potential) renters that the home cannot be used for large gatherings. While not bullet-proof, adopting these requirements will deter most abuse. In addition it is possible to proactively enforce this rule as all listing websites require (or allow) hosts to indicate their property’s maximum occupancy on the listings.</p>	<p>Adopting any regulation that does not clearly define what types of uses are disallowed will be ineffective and likely result in misinterpretation and/or abuse.</p>

<p>Minimize potential parking problems for the neighbors of short-term rental properties.</p>	<p>Adopt a formal permit requirement and put in place a specific limit on the number of motor vehicles that short-term renters are allowed to park on/near the property. The “motor vehicle limit” can be the same for all permitted properties (i.e. a max of 2) or be dependent on the number of permanent parking spots available on the property. In addition, the regulation should formally specify that any advertisement of the property (offline or online) and any rental contract must contain language that specifies the allowed “motor vehicle limit” to make it clear to (potential) renters that bringing more cars is disallowed. As with the “people limit” rule mentioned above, adopting these parking disclosure requirements will deter most abuse. In addition it is easy to proactively enforce this rule as most listing websites require or allow their hosts to describe their property’s parking situation on the listing.</p>	<p>Adopting any regulation that does not clearly define a specific limit on the number of motor vehicles that short-term renters are allowed to park on/near the property.</p>
<p>Minimize public safety risks and possible noise and trash problems without creating additional work for the local police department and code enforcement personnel.</p>	<ol style="list-style-type: none"> 1. Require that all short-term rental contracts include a copy of the local sound/trash/parking ordinances and/or a “Good Neighbor Brochure” that summarizes the local sound/trash/parking ordinances and what is expected of the renter. 	<p>Adopting any regulation and enforcement processes that do not explicitly specify how non-emergency problems should be reported and addressed.</p>

<p>Minimize potential parking problems for the neighbors of short-term rental properties.</p>	<ol style="list-style-type: none"> 2. Require that short-term rental permit holders list a "local contact" that can be reached 24/7 and immediately take corrective action in the event any nonemergency issues are reported (i.e. deal with suspected noise, trash or parking problems). 3. Establish a 24/7 hotline to allow neighbors and other citizens to easily report nonemergency issues without involving local law/code enforcement officers. Once notified of a potential ordinance violation, the hotline personnel will contact the affected property's "local contact", and only involve the local law and/or code enforcement personnel in the event that the "local contact" is unsuccessful in remedying the situation within a reasonable amount of time (i.e. 20-30 minutes). 	<p>Adopting any regulation that does not clearly define a specific limit on the number of motor vehicles that short-term renters are allowed to park on/near the property.</p>
<p>Ensure that no long-term rental properties are converted to short-term rentals to the detriment of long-term renters in the community.</p>	<p>Adopt a permanent residency requirement for short-term rental permit holders (see above) to prevent absentee landlords from converting long-term rental properties into short-term rentals.</p>	<p>Adopting a permitting process that does not formally require short-term rental permit holders to verify that they are permanent residents of the permitted property will be ineffective in preventing absentee landlords from converting their longterm rental properties into short-term rentals.</p>

<p>Ensure that residential neighborhoods are not inadvertently turned into tourist areas to the detriment of permanent residents.</p>	<p>Implement one or both of the following regulatory approaches:</p> <ol style="list-style-type: none"> 1. Adopt a formal permit requirement and set specific quotas on the number of short-term rental permits allowed in any given neighborhood, and/or 2. Adopt the “permanent residency requirement” for short-term rental permit holders (mentioned above) to ensure that there is a practical upper limit to how often any property is rented out each year. 	<p>Adopting a complete ban on short-term rentals, unless such a ban is heavily enforced.</p>
<p>Ensure any regulation of short-term rentals does not negatively affect property values or create other unexpected negative longterm side-effects.</p>	<p>Adopt regulation that automatically expires after a certain amount of time (i.e. 2-5 years) to ensure that the rules and processes that are adopted now are evaluated as the market and technology evolves over time.</p>	<p>Adopt regulation that does not contain a catalyst for evaluating its effectiveness and sideeffects down the line.</p>
<p>Ensure the physical safety of short-term renters.</p>	<p>Adopt a physical safety inspection requirement as part of the permit approval process. The inspection can be conducted by the municipality’s own staff or the local fire/police force and can cover various amounts of potential safety hazards. As minimum such inspection should ensure that all rentals provide a minimum level of protection to the renters who are sleeping in unfamiliar surroundings and therefore may be disadvantaged if forced to evacuate the structure in the event of an emergency.</p>	<p>Adopting a selfcertification process that does not involve an objective 3rd party.</p>

In addition to the above targeted regulatory measures, local governments should adopt requirements for short-term rental permit holders to maintain books and records for a minimum of 3 years so that it is possible to obtain the information necessary to conduct inspections or audits as required. Finally, it is imperative that local governments adopt fine structures that adequately incentivizes short-term landlords to comply with the adopted regulation. Ideally the fines should be proportionate to the economic gains that potential violators can realize from breaking the rules, and fines should be ratcheted up for repeat violators. Below is an example of a fine schedule that will work for most jurisdictions:

	1st Violation	2nd Violation	3rd Violation	4th Violation
Fine for advertising a property for short-term rent (online or offline) without first having obtained a permit or complying with local listing requirements.	\$200 per day	\$400 per day	\$650 per day	Upon the fourth or subsequent violation in any twenty-four month period, the local government may suspend or revoke any permit. The suspension or revocation can be appealed.
Fine for violating any other requirements of the local government's short term rental regulation.	\$250 per day	\$500 per day	\$750 per day	
<p>Notes:</p> <p>(A) Any person found to be in violation of this regulation in a civil case brought by a law enforcement agency shall be ordered to reimburse the local government and other participating law enforcement agencies their full investigative costs, pay all back-owed taxes, and remit all illegally obtained short-term rental revenue proceeds to the local government.</p> <p>(B) Any unpaid fine will be subject to interest from the date on which the fine became due and payable to the local government until the date of payment.</p> <p>(C) The remedies provided for in this fine schedule are in addition to, and not in lieu of, all other legal remedies, criminal or civil, which may be pursued by the local government to address any violation or other public nuisance.</p>				

Best Practices for Enforcing Short-term Rental Regulation

To implement any type of effective short-term rental regulation, be it a total ban, a permitting requirement, and/or a tax, local governments must expect to invest some level of staff time and/or other resources in compliance monitoring and enforcement. That said, most local governments are neither technically equipped nor large enough to build the true expertise and sophisticated software needed to do this cost-effectively. There are several reasons why this is the case:

1. Rental property listings are spread across dozens (or hundreds) of different home sharing websites, with new sites popping up all the time (Airbnb and HomeAway are only a small portion of the total market).
2. Manually monitoring 100s or 1,000s of short-term rental properties within a specific jurisdiction is practically impossible without sophisticated databases as property listings are constantly added, changed or removed.
3. Address data is hidden from property listings making it time-consuming or impossible to identify the exact properties and owners based just on the information available on the home-sharing websites.
4. The listing websites most often disallow property owners from including permit data on their listings, making it impossible to quickly identify unpermitted properties.
5. There is no manual way to find out how often individual properties are rented and for how much, and it is therefore very difficult to precisely calculate the amount of taxes owed by an individual property owner.

Luckily, it is possible to cost-effectively outsource most this work to new innovative companies such as Host Compliance that specialize in this area and have developed sophisticated big data technology and deep domain expertise to bring down the compliance monitoring and code enforcement costs to a minimum. In many situations, these companies can even take on all the work associated with managing the enforcement of the short-term rental regulation in return for a percentage of the incremental permitting fees, tax revenue and fine revenue that they help their local government partners collect.

Adopting short-term rental regulation and outsourcing the administration and enforcement can therefore be net-revenue positive for the local government, while adding no or little additional work to the plates of internal staff. What's more, getting started generally requires no up-front investment, long-term commitment or complicated IT integration.

That said, while it is good to know that adopting and enforcing short-term regulation can be net revenue positive if done in partnership with an expert firm, it is important to note that the economic benefits are only a small part of the equation and that local government leaders should also factor in the many non-economic benefits associated with managing and monitoring the rapidly growing short-term rental industry in their local communities. These non-economic benefits are often much more important to the local citizens than the incremental tax revenue, so even if the incremental revenue numbers may not seem material in the context of a local government's overall budget, the problems that unregulated and/or unmonitored short-term rentals can cause for the neighbors and other "innocent bystanders" can be quite material and should therefore not be ignored. Or as Jessica C. Neufeld from Austin, TX who suddenly found herself and her family living next to a "party house" reminds us: "We did not buy our house to be living next to a hotel. Would you buy a home if you knew a hotel like this was operating next door, if you wanted to set your life up and raise a family?"².

Conclusion

It is the responsibility of local government leaders to ensure that as few people as possible find themselves in the same unfortunate situation as Jessica and her family. In this white-paper we have outlined how to make it happen - in a revenue positive way. To find out more about how we can help your community implement simple, sensible and enforceable short-term rental regulation, feel free to **visit us on www.hostcompliance.com or call us for a free consultation on (415) 715-9280**. We would also be more than happy to provide you with a complimentary analysis of the short-term rental landscape in your local government's jurisdiction and put together an estimate of the revenue potential associated with adopting (or more actively enforcing) short-term rental regulation in your community.



About the Author

Ulrik Binzer founded Host Compliance LLC (now Granicus), the industry leader in short-term rental compliance monitoring and enforcement solutions for local governments. Ulrik got the idea to found Host Compliance when he was serving on a committee appointed by his local town council to study possible ways to regulate short-term rentals in the local community. In preparation for his work on the committee, Ulrik spent countless hours researching how other municipalities had approached the regulation of short-term rentals, and it became evident that enforcing the regulations and collecting the appropriate taxes without the support of sophisticated technology was virtually impossible. As a result, Ulrik set out to build those tools and make them available to municipalities of all sizes at a fraction of the cost of what it would cost them to build and run such technology internally.

Prior to founding Host Compliance, Ulrik served as Chief Operating Officer of Work4 Labs – an 80 person Venture Capital backed technology company with offices in Silicon Valley and Europe, and Soligent Distribution LLC – the largest distributor of solar equipment to local governments and businesses in the Americas.

Before assuming executive management roles in technology companies, Ulrik served as Vice President of the private equity firm Golden Gate Capital, as a strategy consultant at McKinsey & Company and as an Officer in the Danish Army where he commanded a 42-person Platoon and graduated first in his class from the Danish Army's Lieutenant School.

Ulrik received his M.B.A. from Harvard Business School where he was as a Baker Scholar (top 5% of his class) and earned his Bachelor of Science degree in International Business from Copenhagen Business School and New York University.

Ulrik can be contacted on (415) 715-9280 or ulrik.binzer@granicus.com.

¹ Google News accessed on 1/5/2016

² New York Times article: "New Worry for Home Buyers: A Party House Next Door", October 10, 2015

January 6, 2024

City of Homer
Economic Development Commission
Sent via email

Dear Economic Development Commission Members,

Thank you for considering these comments regarding the draft short-term rental (STR) ordinances for the City of Homer. I own and operate several residential rental properties both inside and outside of city limits of Homer. All are currently long-term or mid-term rentals, but I have also operated a STR within city limits in the past. I am also working on developing short-term and mid-term workforce/student/intern housing in the Central Business District, which should be fully operational by this spring.

In addition to my general comments below, I've included comments organized by the proposed ordinance citation for clarity and ease of reference.

I do agree that ensuring that all businesses in Homer are following the laws already on the books regarding noise, nuisance, and sales tax collection is a worthy goal. However, the City has a lot of work to do to connect the dots about how this proposed ordinance relates to improving housing availability in Homer, besides just a loose mention of it in a Whereas clause or two. It also requires to City to explain why they cannot, with existing information and resources, achieve the same results (sales tax compliance, reduction of nuisances) without additional regulation of a very specific industry.

As this regulatory process unfolds over the next several weeks to months, I think committing to delayed enactment until 2025 would be crucial, as many STR operators are currently receiving bookings daily for the summer 2024 season. Significant changes to the regulatory landscape mere weeks before visitors come flocking to Homer could be damaging to local businesses, with no tangible benefits or improvement to the tight housing market.

I would also ask all the advisory commissions, City Council, Mayor, City Manager, and staff to consider whether this is the best use of time and resources to address the housing shortage in Homer. What are we *not* working on by focusing on STRs?

Thank you again for considering these comments. Unfortunately, I am not able to attend the EDC meeting in person, but I welcome any questions you may have by phone or email.

Respectfully,

Dorothy Duncan

(907) 299-2265
ursaminor907@gmail.com

5.48.010 Definitions

Some terms are used inconsistently throughout the ordinance and should be reviewed. “Owner” vs. “operator”. “Short-term rental” vs. “property” vs. “dwelling unit” vs. “vacation rental”.

5.48.020

General comment - are there other ways to ensure that existing laws are being followed? The City should have the same intent (collect taxes, reduce public nuisances) for all businesses equally. Are there specific barriers to obtaining this information from STRs vs other businesses? If there is a specific problem with rental properties, perhaps an educational campaign directed to STR operators would be more helpful.

5.48.030

(a) Substitute “operator” for “owner”. An owner of a property may lease to someone on a long-term basis, with the operator being the one that rents the unit short-term. This is a common practice.

(b) Specify that the operator, and not the owner, needs to apply for the permit.

(d)(2) How many parking spaces are required? Is there a cross reference to a City code that describes the exact measurements for what is considered a parking space? Perhaps 21.55.090? Otherwise, this seems subjective and essentially unenforceable.

(g) Strike the phrase “with City Manager or designee approval”. The text following it should set the standard for when transfers will be approved, and by including the additional language it makes it sound like there is additional discretionary power that the City Manager could carry out on a whim. See proposed 5.48.050(c) for a phrasing that does not add in the City Manager approval requirement.

5.48.050

General comment - without the companion ordinances regarding zoning districts that allow STRs as a primary use, it’s hard to meaningfully comment on this section. Suggest combining the two proposed code sections into one package for all future commenting and public hearing processes.

(a) Regarding the date of operation (currently cut off on December 2023), this could severely impact planned STR investments made in 2023 for the 2024 summer season. If not eliminated entirely, this date should be revised to be December 2024 or to read “prior to the effective date of these ordinances”.

5.48.60

(a) I highly recommend deleting this subsection entirely.

First, it is in the property owner’s/operator’s best interest to manage guest use to be as low impact as possible. No owner or operator wants an over-capacity rental, whether it is long-term or short-term. In fact, in the conversations in many STR investor circles is exactly about how to ensure stated capacity levels are maintained (most often, 2 people per *bed*, not *bedroom*). Leave this to the individual operators to self-regulate – they will. And if they don’t, regulations already on the books regarding noise, nuisance, parking, etc. will be waiting.

Second, this is too low of a threshold and does not address some of the unique lodging experiences in Homer. Studio apartments (zero bedrooms), boats, yurts, bunkhouses, hostels, temp workforce housing, etc. Many local real estate investors are currently trying to think out of the box to meet some of Homer’s unique and seasonal needs, and limiting them in this way discourages innovation and could cause a previously viable project to not pencil out anymore.

Third, it is an inequitable and unreasonable standard. No other ordinance in the City of Homer determines how many people can sleep in a room. No other ordinance in the City of Homer requires checking the ages of room occupants, and potentially having to evict a family when a child turns 13.

Fifth, this does not make a rental “safer” whether it is long or short-term.

Sixth, this is unenforceable. It is difficult even for STR operators with doorbell cameras to monitor and enforce the number of people in a rental, regardless of the occupancy limit set by the operator. How is the City going to enforce this?

(b) Remove the part about sharing the Emergency Contact with neighbors within 300 feet. If there is a bona fide emergency (fire, domestic dispute, etc.), neighbors should immediately call 911. If there is an alleged code violation, neighbors should contact the City during regular business hours to lodge a complaint. Not only would that lead to quicker response times for an actual emergency, it would ensure that the City be made aware of all issues as they happen. Its not common practice for businesses to have to share personal contact information with neighbors, and STRs should not be required to either as a matter of privacy and to avoid harassment. There are other options for neighbors if something is not to their liking.

(f) This seems to be a whole separate process, what are the standards by which someone needs to prove adequate parking?

5.48.70

General comment – all of these reasons for permit revocation sound good in simple terms, but in the real world would be very subjective and difficult to enforce in a non-arbitrary way. Recommend deleting this section, or amending to require more defined circumstances that would result in permit revocation.

(b)(1) Who determines what an “emergency” is, and what “negligence in responding” is? By what standards?

(b)(2) What is a “law enforcement violation related to the short-term rental”?

(b)(3) What is the threshold of if non-compliance is considered “chronic”?

(b)(5) What is a “noted” Building or Fire code violation? Is there a code cross reference that would be helpful here?

(b)(6) What is a “significant” violation vs a non-significant violation? What is a “relevant” authority?

5.48.80

General comment – especially as these proposed ordinances are new, and the unintended consequences have not yet been discovered, there should be an option for appeal that does not involve the court system. If the City Manager is the issuer of the permit, you could add an avenue to appeal to the City Council as a first step to more effectively hear complaints and resolve any issues. Having to sue the City (and pay their administrative expenses in advance) in order to have a legitimate issue or discrepancy heard would be extremely burdensome.

February 12, 2024

City of Homer
Economic Development Commission
Sent via email

Dear Economic Development Commission Members,

I want to thank the Commission and the City staff for acting on the comments received on the first draft of the STR ordinance last month. I see that many of the specific changes requested have been made to the new draft.

Anyone who has followed the discussion of STRs in Homer all know that this ordinance/conversation is at the request of the City Council due to the perceived impact of STRs on housing availability in Homer. The EDC and staff made the right call in declining to give legitimacy to that claim by striking the whereas clauses that allude to a correlation between regulating STRs and increased housing in Homer.

The remaining whereas clauses, however, are similarly flawed/unnecessary, and make the entirety of the draft ordinance moot.

For example, the issue of ensuring that sales tax is collected, while a valid objective, has several much simpler solutions. AirBnB can implement an automatic tool that will collect and remit sales or occupancy taxes if a law is passed by the local jurisdiction. I am not sure if this could be the City, or would have to be the Borough, but it is worth a few conversations amongst staff and Council/Assembly/AirBnB vs. enacting and implementing a burdensome regulation on potentially hundreds of Homer business owners. Perhaps all it takes is a Resolution by City Council?

Another example is the issue of nuisances attributed to STRs. As others have testified, per a records request, only one "STR" complaint was made to the City during last summer's tourist season, and it wasn't even clear if a violation had occurred. As Ms. Engelbretsen has often said, Homer is not the Jersey Shore, and our visitors are more of the quiet kayaking/birder types than hard core partiers. It makes sense that Homer STR guests make good neighbors.

The whereas clause about needing an ordinance just because there are no existing ordinances? I'll just leave that here...

It's my request that the ordinance in its entirety be set aside, and more efforts given to actually addressing housing by determining:

- 1) What exactly is the housing deficit in Homer? Is it 100 summer/workforce housing units? Is it 10-20 single family homes? Is it a new low-income apartment complex? Answering this question would be a valuable data point for future discussions about housing in Homer, and something the EDC could spearhead via surveys, statistical analysis, etc.
- 2) What is the housing potential of Homer? Surely the City was involved with the new development of a dozen or so 2-bedroom places for rent on Adams Street, the new neighborhood being developed next to Paul Banks Elementary School, and the re-development of the lot on Mattox and East End Road? What is on tap for construction season 2024, and will that address housing faster and more efficiently than squeezing STRs out of existence?

- 3) How can the City encourage the or facilitate a continuance of the boom in housing development? The answer may be as simple as staying out of the way of the free market and let supply and demand work towards equilibrium. Other options may include tax incentives for certain developments that fill need gaps or increasing subsidies for infrastructure development.

Again, I would also ask all the advisory commissions, City Council, Mayor, City Manager, and staff to consider whether this is the best use of time and resources to address the housing shortage in Homer. What are we *not* working on by focusing on STR regulation?

Thank you again for considering these comments. I always welcome any questions you may have.

Respectfully,

Dorothy Duncan

(907) 299-2265

ursaminor907@gmail.com

February 19, 2024

City of Homer
Planning Commission
Sent via email

Dear Planning Commission Members,

As you consider the draft ordinance regarding STRs at your meeting on February 21, I would like to reiterate a couple of points made previously in my written comments to the Economic Development Commission.

First, the EDC, City staff, and others have correctly determined that **this ordinance is not about housing**. It does not increase housing of any kind, nor offer any kind of incentive to encourage additional long-term or workforce housing in Homer.

Second, the issues put forward in the whereas clauses as **the other rationales for the ordinance are already effectively solved or are otherwise not changed in any way with this ordinance**. Sales tax compliance is being investigated and handled at the Borough level (spoiler: compliance levels are very high), nuisances are almost non-existent (one possible parking violation in the past year), and the City's planned self-certification of safety items pales in comparison to the standards and transparency that Airbnb and VRBO require of hosts on their platforms.

Finally, it is well known that this ordinance was only put forward as an attempt to address the perceived impact of STRs on the overall housing market of Homer. Much evidence to the contrary has been provided to the EDC during the recent work sessions and comment periods, and I encourage you to read those minutes and comments in full and reach out with additional questions to those that actually follow the market and have data to back up their claims. **Perceptions, anecdotes, and a few Facebook posts are not the foundation of good public policy.**

It's my request that the ordinance in its entirety be set aside, and more efforts given to actually addressing housing by determining 1) the actual housing deficit in Homer (type of number of housing units that would meet demand), 2) the housing potential of Homer in the free market, and 3) ways the City could encourage our recent housing construction boom to continue to meet future needs.

Work on this ordinance, or any similar ordinance that does not have a clear path towards actually solving an actual problem, is a waste of time.

Thank you for considering these comments. I always welcome any questions you may have.

Respectfully,

Dorothy Duncan

(907) 299-2265
ursaminor907@gmail.com

From: [Penelope Anne Haas](#)
To: [Department Clerk](#)
Subject: For planning commission re Ordinance 23-61S
Date: Wednesday, February 21, 2024 10:14:27 AM

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Dear members of the Homer Planning Commission,

Please encourage the City Council to include a provision in the short term rental ordinance, 23-61 S, clarifying that short term rentals require owner occupancy in residential zones for the following reasons:

Occupancy Requirements for Short Term Rentals

The proposed STR ordinance, if it does not clearly require occupancy in the definition of the STR and in zoning code, would allow the transformation of Rural Residential and Urban Residential Zones into places that allow for a much larger business presence—more like a Mixed Use Zones. If that is what Council or commissions intend, they should be very clear about *why* they want that and let the public weigh in on the matter.

Taking away occupancy requirement for STRs—while occupancy is required for BnBs and other “Home Occupations”—could have a number of undesirable consequences, many of which are on display in communities across Alaska and the United States:

- It could contribute to the loss of neighborhood character and neighbor relations.
- It could create unfair market conditions, by favoring STRs over other businesses.
- It could transform neighborhoods and residential areas into mixed use districts.
- It could contribute to an increased cost of housing over time.
- It could tighten the long-term housing market significantly.

The City of Homer has occupancy requirements for Bed and Breakfasts

Homer City Code 21.51.100 reads “A bed and breakfast must be accessory to and in a dwelling **occupied by the operator as the operator’s primary residence.**”

- For what reason would we manage BnBs differently than STRs?
- There is a strong case to be made that STRs should simply be considered a BnB since they are just a BnB with an online platform, as the name “Air BnB” indicates.
- The ordinance should have language that says, in this Homer City Code 21.51.100 that an STR shall be treated as a BnB.
- When this code was adopted, there was clear intent that we not transform residential neighborhoods into hospitality districts. I believe that the public still supports this view.

STRs in Rural Residential and Urban Residential Zoning

Short term rentals are not called out by name “permitted uses” in Rural Residential or Urban Residential zones. There are a number of uses that are permitted outright in dwelling units Urban Residential and Rural Residential Districts (HCC 21.12.020), including:

e. Rooming house, bed and breakfast and hostel;

- Which of these categories does short term rentals fit into?
- Bed and Breakfasts seem the obvious category.
- If the council wishes to add Short Term Rentals as their own category, they will need to do that by ordinance.
- If the council wishes to add Short Term Rentals as their own category, they should give them the same standards as the Bed and Breakfasts, requiring owner occupancy. Anything else would be unfair to bed and breakfast owners, who are their direct competitors.
- If the council wishes to remove the home occupancy requirement for STRs, it would only seem logical that they would remove that requirement for other businesses, including bed and breakfasts, all “home occupations” *, as well as “Day care homes.” This shift would make our residential areas into mixed use. That is a big shift, for which I don’t think there is public support. But if it is what council wants, again, they should be crystal clear about it and let the public weigh in.

* Home Occupations require occupancy per Homer City Code 21.51.010: “the home occupation shall be carried on entirely within the dwelling unit or accessory building and its function shall be **clearly subordinate to the principal residential use of the premises....A home occupation shall be carried on only by the full-time occupants of the dwelling unit.**”

Here are some relevant definitions from City Code

“Bed and breakfast” means a dwelling in which an individual or family resides and rents bedrooms in the dwelling to overnight guests, if the bed and breakfast use is accessory to the principal use of the dwelling as the primary residence of the operator. If the dwelling has six or more bedrooms available for rental to overnight guests it is a hotel and not a bed and breakfast (21.03.040 Definitions used in zoning code).

“Home occupation” means any use customarily conducted entirely within a dwelling or a building accessory to a dwelling, and carried on by the dwelling occupants, that is clearly incidental and secondary to the use of the dwelling for dwelling purposes and does not change the character thereof, and includes no display of stock in trade, no outside storage of materials or equipment and no commodity sold upon the premises. “Home occupation” does not include bed and breakfast (21.03.040 Definitions used in zoning code).

“Rooming house” means a dwelling containing not more than five guest rooms that are used, rented or hired out to be occupied for sleeping purposes by guests. A rooming house shall not accommodate in excess of 15 guests. A rooming house shall also include any

structures associated with the dwelling, such as guest cabins; provided, that a conditional use permit was obtained for any associated structures, if a permit is required in order to have more than one building containing a permitted principal use on the lot. "Rooming house" does not include bed and breakfast (21.03.040 Definitions used in zoning code).

"Hostel" means any building or portion of a building containing dormitory-style sleeping accommodations for not more than 15 guests that are used, rented or hired out on a daily or longer basis.

Sincerely,

Penelope Haas

February 6th 2024

To the Homer City Council and Mayor

The memorandum Submitted Sep. 27 2022 titled Short term rental basics appears to be the foundation and Start of the push to regulate Short term rentals.

There is a distinct theme that emerges that tries to tie STR business to the lack of housing and affordability.

The first 2 WHEREAS paragraphs in ordinance 23-61 try to do this.

Not only has the city has yet to provide any clear link from STR to a housing crisis or shortage,

Further analysis of the statistics and data from [Census.gov](https://www.census.gov) and live.laborstats.alaska.gov

Make the case that Homer is doing better than most municipalities when it comes to housing availability and affordability.

No compelling evidence has been presented that there is a problem with safety or nuisance as stated as intent in section 5.48.020 .

1. Requirement that they operate safely.

There is not a single case in Homer of a STR burning down. There is no evidence that emergency services have not been able to respond to a situation because it was a STR.

Safety is already a function of the STR websites (ie Airbnb, Vrbo). You are required to declare if you have smoke detectors and carbon monoxide detectors. Additionally, Every single person that stays in your unit writes a review and lets new potential guests know exactly what they are getting when they book with you. A high level of scrutiny, detail and accountability is built into the system. The potential guests have much more information and detail about parking, number of beds, safety equipment, etc. than anything this ordinance would supposedly cover.

Additionally, because of the accountability factor, the hosts are very attentive to details , especially the safety and comfort of their guests. If not, they are taken out of the rotation by market forces.

2. Nuisances.

A records request to the City of Homer on Dec. 13 2023 revealed that from May to October In the 2023 tourist season , there was not a single call to HPD of a nuisance caused by a STR. Interestingly the majority of the calls were from long term rentals and Hotels.

In that same time period there was only 1 call to HPD referencing a parking complaint tied to a STR. The issue was resolved, and there was no indication that a law was broken, just a single complaint.

There are already systems in place to handle any nuisance or parking complaints if they become an issue in the future.

4. Taxes.

Collection of Taxes is a function of the KPB.

The Borough is currently using the Harmari software to identify, educate and enforce tax compliance.

As of Feb. 2024 they have Identified 154 individual accounts/operators that have short term rentals in Homer city limits. (111 of the overall listings are hotels using the platform) They are at over 80% compliance and of the remaining 32 operators, they have identified them and are reaching out to facilitate compliance.

The Borough is doing their job and has tremendous momentum. In less than a year they anticipate near 100% compliance.

My overall sense is that there was a desire to regulate Short Term rentals as a reaction to an unproven and emotional narrative that short term rentals are bad.

This was an ordinance looking for a problem.

There is no good, or demonstrated reason to re-write or modify this ordinance. It needs to go away, and I recommend that this ordinance be abandoned.

Charles Anderson

Charlesgoldenanderson@gmail.com

907-756-1973

February 6th 2024

To the Homer City Council and Mayor

Housing Analysis in Homer, Alaska: Navigating Affordability and Crisis Perspectives

*Presented by Charles Anderson

****Overview:****

This comprehensive analysis delves into the housing landscape of Homer, Alaska, addressing prevalent terms like "The housing crisis" and "Lack of affordable housing." By combining statistical insights with real-world observations, the paper aims to demystify these terms, providing a nuanced understanding of the challenges and opportunities in the local housing market.

****Key Findings:****

1. ****Affordable Housing Criteria:****

- Definition: Not more than 30% of income allocated to housing (rent/mortgage).
- Statistical Baseline in Homer, Alaska: \$1,743.92 per month.
- Homeowner vs. Renter Affordability Discrepancies.

2. ****Rental Market Dynamics:****

- Survey of Long-term Rentals: Average cost trends and availability.
- Affordable Housing Accessibility: Wage thresholds and rental affordability.

3. ****Housing Crisis Evaluation:****

- Comparative Analysis: New housing starts, median home prices, and rental statistics.
- Homer's Position: Significantly high housing starts per capita, below-state-average median home price.

4. ****Inflation's Role in Housing Costs:****

- Unpacking Speculations: Non-resident buyers, short-term rentals, and the true culprit.
- 1992 vs. 2022: Inflation-adjusted median home prices in Alaska.

5. ****Affordability in Rental Market:****

- Navigating Individual Experiences: Challenges and successes in securing affordable housing.
- Ebbs and Flows: Impact of market dynamics on rental availability.

6. ****Argentinian Experiment:****

- Lessons from Legislation: Consequences of government intervention in the housing market.
- Repeal Impact: Inventory increase and price reduction in Argentina.

****Conclusion and Recommendations:****

- Homer's Housing Landscape: A closer look at the statistics and facts.
- Future Steps: Advocating for free market dynamics and strategic city interventions.

****Recommendations for City Action:****

- Financial Participation in Utility Extensions.
- Property Tax Reductions and Increased Exemptions.
- Strategies for Lowering Water/Sewer Rates.
- Incentives for Multi-Family Housing.
- Sales Tax Exemption for Year-Round Rental Housing.

****Note:**** *2022 statistics were used due to the unavailability of complete 2023 statistics from the State of Alaska Department of Labor and Workforce Development.*

When discussing public policy on housing, "The housing crisis" and "Lack of affordable housing" are terms that are thrown about, and used quite a bit. They tend to convey a sense of desperation, doom, and despair, especially for young people and those who are trying to establish themselves in a given community. Given that shelter is one of our basic human needs, it is no wonder that people get concerned and agitated when those terms are used. They are often used to justify public policy discussions and action, but rarely defined. So let's dive in and analyze what they actually mean statistically vs what some people mean when they use those terms. Then we can look at what criteria would need to be met to justify the use of the terms objectively.

****Affordable Housing:****

The generally accepted definition of affordable housing is that no more than 30% of your income is to go toward your housing (rent/mortgage).

According to the latest census data gathered at census.gov, the median home price in Homer, Alaska is \$348,000. With the median monthly owners' cost for someone in Homer, Alaska with a mortgage is \$1,945 (for homeowners without a mortgage, the fixed costs such as insurance, taxes, etc. are \$632). For rentals, the median gross rent in Homer, Alaska is \$1,180 per month. The median household income for Homer is \$69,757. The median household income divided by 12 months is \$5,813. 30% of that is \$1,743.92. \$1,743.92 per month is the statistical baseline in Homer, Alaska for affordable housing.

Some quick math tells us that the average homeowner with a mortgage in Homer is spending 33.45% of their income on housing, slightly above the affordability threshold. When we do the same math for median gross rent, we have 20.29% of median income spent on housing, well below the baseline for affordable housing. A survey of available rentals over the last 2 months (Facebook Marketplace was the primary source, as Craigslist use has all but ceased) has shown an average of 19 long-term rentals on the market at any given time. (Care was given to exclude short-term winter rentals, dry cabins, and rentals past Diamond Ridge and past Fritz Creek.) Of the 22 rentals available in Dec. 2023, only 3 were over \$2,000 a month, 15 of them were under \$1,500, and 4 were under \$1,000. An average cost of \$1421.30. In January 2024, the average had dropped to \$1,349. One major finding was that the East End Cottages (the low-income, subsidized apartments across from the gear shed) have never been full since they opened several years ago. They have units available now under \$1,000.

Someone making \$24.58 an hour working full time would still come in at the 30% affordability threshold if they were renting. A couple or two roommates could make starting wages at McDonald's (\$13 an hour for normal shifts, \$15 an hour for premium shifts) and still afford housing at or below the threshold for affordable housing. The starting wage at Safeway is \$17 an hour.

****Housing Crisis:****

Housing crisis generally refers to a limited/short supply compared to the demand. This can be a bit more tricky to pin down; however, new housing starts, median home prices, rolling average of long-term rental availability, average rental costs, etc. all compared to the state average and compared to other municipalities can be an indicator of how your city is faring. Like so many questions, "compared to what?" is crucial.

Single-family loan activity for 2022 reported at live.laborstats.alaska.gov has the statewide average sales price at \$422,584. The state does not have individual statistics for Homer; however, the average sales price for the Kenai Peninsula is \$385,049. To corroborate this information, a local lender provided the information that of the 40 loans they closed in Homer in 2023, the average was \$390,580. This is anecdotal evidence indicating that the State of Alaska Statistics for the Kenai Peninsula are close to that of Homers. Given that these are sales statistics, and that the US census states the median value of an owner-occupied home is \$348,000, we can reliably say that Homer is solidly below the state average.

Using 2022 data found @ live.laborstats.alaska.gov, Homer is second in the state for new housing starts, only behind Anchorage. Anchorage had 402 new housing starts (combined single-family and multi-family), and Homer had 74 total new units. With Anchorage's population of 291,247, that is one new housing start per 725 people. Homer's population is 5522 and has one new housing start per 75 people. Homer is second in the state overall and has over 10 times more housing starts than Anchorage when adjusted for population. (The next closest in overall

was Juneau, with 64 new housing starts with a population of 32,255, one new start for every 504 people.)

When it comes to new lots and building opportunities in the non-view more affordable range, the new subdivisions on Early Spring and the one across from East Hill provide over 50 new opportunities on the "non-view" more affordable end.

According to the Alaska Department of Labor and Workforce Development (live.laborstats.alaska.gov), 30 years ago in 1992, the average sales price for a single-family home in Alaska was around \$133,952. In 2022 that number was \$422,584.

Many speculate on the cause of such a tremendous rise in cost. Non-resident buyers driving up demand, short-term rentals, greedy real estate agents, greedy contractors, etc., are all popular scapegoats.

However, the most significant factor contributing to the rise in housing costs is inflation. Clearly demonstrated when we look at what that 1992 median home cost would be today when adjusted for inflation. According to the State of Alaska statistics, it turns out the Average sales price in Alaska for 2022 would only be about \$209,744 (for Homer, Alaska, it would be about \$192,316) when adjusted for inflation.

A modest rise that could easily be attributed to a better-built product and reasonable rise in demand. While the tendency is to find a group to blame perceived housing problems on, the true culprit is inflation.

Homer, Alaska, has affordable housing when it comes to the rental market. It is understood that this statement will be triggering for many and contested. This statement is not meant to ignore or discount people's past and current challenges when searching for and procuring housing. There are many factors that go into a landlord and a tenant's mutual agreement to contract. Not every rental is suitable for every tenant, and not every tenant is suitable for every rental. When discussing housing to guide public policy, it is important to resist the tendency to reference a given individual's experience with housing and infer or conflate that their experience constitutes the statistical norm. It is important to look at statistical data and use facts.

For example, someone could share their experience of having a near impossible time finding a suitable place to rent at a price that fits their budget and could make the claim that "Homer doesn't have affordable housing". While the next person can share their experience of finding a place quickly, that meets all their needs at a price that doesn't even take up 20% of their income. "Homer has great rental opportunities" would be the takeaway. While both sides of the argument would be quick to use their preferred examples, the reality is that the circumstances surrounding each instance can affect the situation drastically. The person having difficulty could be working only 20 hours a week, have a negative rental history, and also have several pets. While the person who had no trouble may be well-established in a good job and received a below-market deal from a family friend. Either scenario does not provide a clear picture, and it is the individual circumstances that have the most bearing on the experience, not the overall rental market. Many

times life and lifestyle decisions will impact the options available to you. Both positive and negative.

There is also ebb and flow when it comes to the rental market. In 2020, the demand for short-term rentals significantly increased due to the rise in domestic travel caused by international travel restrictions. Some units were shifted from the long-term market to the short term, along with new units that were created to capitalize on the short-term spike in demand. Fast forward 3 years, and due to falling prices in the short-term market, former short-term units are being offered back on the long-term market, including units built initially for the short-term boom. In this instance, the initial rise in demand of short-term rentals eventually subsidized and brought to market more long-term rentals. Using government regulation to try to chill one sector of housing in favor of another will have the effect of decreasing supply overall.

The major point being that housing is housing. An increase in any type of housing supply will ultimately increase all supply over time, no matter how it is initially allocated.

Argentina's 4-year experiment with government intervention in the housing free market is a textbook case of unintended consequences and opposite results. In an alleged attempt to help renters and the public secure affordable housing, in 2020 Argentina's government implemented a series of laws and rent controls. The result was many owners simply exiting the rental market, driving up prices, and shrinking supply. When newly elected President Milei scrapped the 2020 rent control laws in December 2023, within a month the rental inventory had doubled, and prices had fallen 20 to 30%.

As demonstrated recently in Argentina, attempts to mitigate the lag effects between rents and inflation, via legislation, only make the problem worse and have the opposite effects.

Statistics and facts indicate that Homer's rental market can be classified as affordable.

As to a Housing Crisis, I do not see where a credible case can be made that we are experiencing a housing crisis in Homer. New housing starts are the highest per capita in the state (by a large margin) while our median home price is well below the State average. Homer is growing and there will be peaks and valleys. However, the facts and statistics make a strong case for us to keep doing what we are doing. Let the free market work, and over time it will smooth out the highs and lows, and ultimately provide for growth that is inevitable.

****Next Steps:****

It is clear that compared to other municipalities in the state, free market forces are doing a better than average job of responding to the housing demand in Homer. In discussions with several developers who have recently worked with the city on new subdivisions, they expressed their frustration at the resistance they received from the city and the planning commission, despite meeting all codes and regulations.

****Some Recommendations:****

- The city could participate financially with utility main extensions, instead of the cost being shouldered 100% by the developer. The extension, after all, is bringing the city new customers.
- Help reduce property taxes - lower mill rate
- Increase primary home exemption in City to Match the KPB at \$350,000 (vs \$150,000 current)
- Strive to lower water/sewer rates. The most expensive in the state (perhaps the country).
- Create tax incentives for building multi-family housing - a tax abatement for a period of time.
- Remove sales tax from year-round rental housing. (Short-term rentals still pay tax on their business)

****Note:****

2022 statistics were used due to the fact that the State of Alaska Department of Labor Workforce and Development site did not have all of 2023 statistics published yet.

Charles Anderson

Charlesgoldenanderson@gmail.com

907-756-1973

From: [Department Planning](#)
To: [Zach Pettit](#)
Subject: FW: Form submission from: Draft Short Term Rental Regulations
Date: Monday, January 8, 2024 8:35:46 AM

From: City of Homer Alaska Official Website [mailto:homer-ak@municodeweb.com]
Sent: Tuesday, December 26, 2023 1:23 PM
To: Department Planning <Planning@ci.homer.ak.us>
Subject: Form submission from: Draft Short Term Rental Regulations

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Submitted on Tuesday, December 26, 2023 - 1:22pm

Submitted by anonymous user: 209.112.183.200

Submitted values are:

Name William D. and Marianne Schlegelmilch
Comment

Dear Planning Department,

Short term rentals ruin neighborhoods, turning them from close-knit supportive and friendly environments into throngs of strangers wandering around day and night talking on their cellphones and disrupting neighborhood solitude. They also drive up property values and make it all but impossible for residents who do not have deep pockets to ever consider moving within our city as sales often happen within the span of 2-3 days to cash paying profiteers.

This has become increasingly evident in the Mountain View neighborhood where we live, along with unregulated new construction obviously designed for short term rentals that violate city codes on size and

height restrictions, all with the city apparently turning a blind eye to their significant negative impacts on neighborhoods, such as run-off issues, increased density and major uptick in traffic noise and congestion—all issues which our city council seem unconcerned with as they push their personal views and agendas on long-term citizens and even adjacent business owners who have invested heavily in this area.

As citizens, you have asked for our input. As government officials, will you care to hear us?

William D. and Marianne Schlegelmilch

4470 Kachemak Way

Homer

907 235-6913

STR owner or employee? Y/N Home owner, city resident

The results of this submission may be viewed at:

<https://www.cityofhomer-ak.gov/node/78385/submission/51508>

From: [Melissa Jacobsen](#)
To: [Julie Engebretsen](#); [Ryan Foster](#)
Cc: [Zach Pettit](#); [Renee Krause](#)
Subject: FW: Comments on STR regs
Date: Wednesday, December 6, 2023 12:13:06 PM

Here is public comment for the PC and EDC when they have Ordinance 23-61 on their agenda.

Thanks! Melissa

From: Maureen Kennedy <maureenkenedy@aol.com>
Sent: Monday, December 4, 2023 12:51 PM
To: Department Clerk <clerk@ci.homer.ak.us>
Subject: Comments on STR regs

CAUTION: This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

Hi: I'm the owner of a rental property outside City limits.

I live primarily in West Marin County, CA where short term rentals have been a big issue in recent years. The county is in the middle of a process of finalizing regulation of short term rentals here. The process it proposes is much more complex, expensive and detailed than Homer's (e.g. a septic system **and** water quality test has to be submitted, you need proof that the space was originally permitted under the building code, etc. etc.). But nevertheless I've read a lot of these draft regulations in the past couple of years. By the way, Scotland's new regulation prohibits you from lending the house to a friend for a weekend or donating it for a couple nights for a charity auction if there's no STR permit in place. We can definitely over-think this.....

I have three comments on the current draft:

—**At .050 (a) regarding non-conforming uses**, I'm concerned about the window in the draft for "grandfathering in" that extends through the end of this year. For those paying attention, the City might see lots of non-conforming units jamming in supposed short term renters (Neighbors? Children? Etc.) in the coming three weeks just to get retroactive approvals for units that really shouldn't get sign off (or have not been paying required taxes). Given that it's a proposed rule which could be changed before finalization, I'm not sure how this even works. If the Council changes the draft to the date of publication of the draft (which I think would be the normal protocol on this, precisely to avoid folks gaming the system), then some who thought they were likely grandfathered in would no longer be. **I'd argue that at the next reading, that language should be changed to the date of release of the draft language, and there should be no move to extend the date again into the future, so there is no "race to the barn" for properties that by definition, don't meet the planned City minimum requirements.** I totally understand the preference to grandfather-in local owners who legitimately have been in business and playing by the [looser] rules in place until now. But I'd really advocate that you not encourage owners with units that won't meet basic standards to get one tenant for one night before 12/31 just to qualify for the loophole.

—At 060 (a) I'm not sure on the definition of a bedroom. I'm not sure the City has a definition of a bedroom given its building code. Does it require a door that closes? I'm staying at a Homer AirBnB this summer that I believe is a larger studio, with a double bed in the one room and a fold out bed also in the one room. A curtain can enclose the main permanent double bed creating a bit of privacy. The owners coincidentally advertise it as a "one bedroom" and have a self imposed limit of 4 guests. Can that unit accommodate 4 adults and unlimited children in the one large room? If the owners considered the curtained area to be a bedroom and the open area by the kitchen with the second bed to be a second bedroom, is the limit 2+2+2 free plus kids? Is the plan to rely on the preferences of the owner in that case? Does a potential tenant have the right to argue for a total of 4 (or 6) adults and 3 kids in 300 square feet even though the owner prefers no more than four (i.e. is it a floor or a ceiling)? I'd suggest you clarify the definition of bedroom and either allow two extra adults OR unlimited kids but not both, just to reduce the potential for overcrowding.

--Relatedly, it would be useful to know if the fire certification requires two forms of egress; or perhaps just include a link in the reg to the standard that the fire department uses in making their assessment. If I owned a house in the City and was thinking about creating a compliant STR, it would be useful for me to know that information early in the process.

Thanks,

Maureen Kennedy
510-290-8535

Landlords or Lodging Providers

Helpful Tips Regarding the Sales Tax Code



Sales Tax Division
Finance Department
Kenai Peninsula Borough
Soldotna, Alaska 99669
salestax@kpb.us Email
(907) 714-2170 Office
(800) 478-4441 Toll Free
(within the borough)

Introduction

The Kenai Peninsula Borough Finance Department (Department) is responsible for educating and confirming compliance with the Borough's Sales Tax Code (Code).

Education

Written Material - The Borough makes information available in order to assist sellers in understanding their responsibilities under the KPB Code. This includes: KPB Code publication; jurisdictional calculation charts; return forms; notification of changes in the KPB Code; forms required to claim refunds, to file a protest, or to apply for a resale or exempt certificate. Forms are found on our webpage: kpb.us/finance-dept/salestax

Assisting Sellers - The Staff in the Finance Department are willing and glad to answer any of your questions concerning sales tax. This includes specific questions regarding the KPB Code or help with compilation of returns. Please feel free to call upon the Staff if you have questions.

Confirm Compliance

Random Review of Borough Records - The Department monitors significant account changes, delinquent accounts, and changes in industries to ensure all sellers are treated fairly according to the KPB Code.

Random Audits - The Department performs audits on sellers to: check the correctness of the Borough's records; determine the accuracy of the seller's reported sales versus their bookkeeping records; and to answer the seller's questions.

Confirm Registration - The Department investigates and assists in registering all sellers conducting business in the Borough.

Reminders

As a seller registered to collect sales tax there are a few items you may want to keep in mind.

Landlord - Defined as any seller who is providing rent or leasing services for land, building, or dwelling units regardless of the amount of time (nightly or longer).

Temporary Lodging - The KPB Code requires that all temporary lodging (lodging services provided for less than 30 days to the same party) be taxed on a per room - per night basis subject to the first \$500 maximum per sale transaction, on a per room - per night basis, KPB 5.18.430(D).

Utilizing \$500 Maximum Gross Sale Exemption - Sales tax shall be applied only to the first \$500 of each separate sale, rent, or service transaction except:

- 1) The payment of rent, whether for real or personal property, in excess of \$500 and for more than one month, shall be treated as several separate transactions covering the rental/lease for one month each. This means that a lease agreement needs to be broken down into individual months, KPB 5.18.430(A).

Example: A 3 month rental for \$900 equates to 3 months of \$300 each month, therefore, in a 6% tax jurisdiction, \$54 in tax is collected for the 3 months, or \$18 per month.

- 2) When it relates to temporary lodging (refer to above).

- 3) Recreational sales shall be treated on a per person per day basis and therefore the maximum tax computation shall be calculated on a per person per day basis. For purposes of this subsection, the term "person" means an individual human being.

Using an online marketplace or online travel agency for booking lodging - When landlords utilize online facilitators to market their rental properties whether for monthly rentals or recreational lodging, it is the responsibility of the property owner to properly collect and report the correct sales tax. When creating the online listing, it is incumbent on the landlord to assess sales tax based on the total price of rental; total price includes all additional

charges such as cleaning or pet fees passed on to the tenant. The rate of sales tax is to be based on the total sale, taxing at the jurisdiction rate where the property is located. Recreational lodging is taxed based on the total per unit per night charge, and is only eligible for "Maximum Tax", consideration when the nightly per unit rate exceeds \$500.

- Examples of online market places are: VRBO, AirBnB, Orbitz, Tripadvisor, etc..

Determining Taxing Jurisdiction

The taxing jurisdiction for rentals is the place where the real property is located.

- Restriction on Imposition of Tax - The seller shall, whenever feasible, separately state the tax to the buyer on each taxable transaction, KPB 5.18.410(A).
- Agent - The seller is acting as an agent for the Borough by collecting and remitting sales tax to the Borough. Taxes collected from the buyer are Borough funds.
- Determination of Charging Tax - The seller is responsible for all sales tax collected and those taxes that should have been collected. It is the responsibility of the seller to determine if a sale is exempt or not exempt from sales tax. If there is doubt, collect the sales tax and contact the Borough for a determination. A refund to the buyer is possible.
- Personal Property Tax - All businesses are required to file a Business Personal Property Statement with the Borough Assessing Department prior to February 15th of each year. Business Personal Property consists of items used to operate a business, such as washers, dryers, all types of furniture, etc. For more information on what items are taxable contact the Assessing Department at 262-4441.
- Accounting Records - If the seller's business is audited by the Borough, the seller's accounting records, federal tax returns, and filed sales tax returns will be reviewed to determine if reported gross sales coincide. Therefore keeping accurate and complete records is very important.

Package Deals

If sellers are providing a recreational package by themselves or with another business which offers recreational services (services provided by a seller for amusement, relaxation, diversion of attention, or play), the sales tax is to be calculated on each activity on a per-person per day basis at the rate of the jurisdiction where each day's service is rendered. The lodging component of the package is taxed on a per room per night basis at the rate of the jurisdiction where the lodging facility is located.

- Use of Resale Certificates by the Seller of Recreational Packages.
If any of the services included in the package are provided by other businesses and the seller of the package provides a valid resale certificate to those businesses, then the provider of the services would not charge sales tax to the package seller. If the seller of recreational packages does not have a valid resale certificate, the provider of the services would charge tax to that seller.
- Reporting the Sale of Package Deals – Assuming that no individual activity costs the purchaser of a package more than \$500 per person per day, the seller of the package collects sales tax on the full price of the package for the jurisdictions in which the activities of the package take place. The seller of the package would report the entire sale in gross sales. The provider of the service would report the sale as a sale for resale (a non-taxable item) if a valid resale certificate was provided by the seller of the package deal. If there was no valid resale certificate provided, the provider of the services would report the sale in his gross sales and also report the sales taxes collected.

Your Rights

If the seller disagrees with the Borough's final audit result, estimate result, exemption determination, or other sales tax determination, the seller has the right to appeal the final determination to court within 30 days.

- 1) If the seller disagrees with the written determination of the Borough Auditor, a protest may be filed with the Finance Director, KPB 5.18.580. The Director will review the methods used, documents presented, and results of the audit or estimate. The Director will issue a written decision regarding the validity of the audit or estimate. If the determination involves estimate results, as opposed to audit results, the Borough may require the seller to submit to an audit. If the seller disagrees with the Director's final written decision, the decision may be appealed within 30 days of distribution to the Superior Court in Kenai, Alaska.

- 2) If the seller or consumer believes a sale is exempt, either the seller or the buyer may protest taxing the sale by filing a protest with the Borough within 60 days of the date of the sale. The Mayor will issue a written determination regarding the exemption. The seller must continue to collect the tax until the Borough issues a determination regarding the exemption. If the exemption is allowed, the sales tax paid will be remitted to the consumer with the determination. The determination may be appealed within 30 days of distribution to the Superior Court at Kenai, Alaska, KPB 5.18.250.

- 3) If a written decision has been issued by the Mayor regarding application of the KPB Code to a particular factual situation, the decision may be appealed by the seller or taxpayer within 30 days of distribution to Superior Court at Kenai, Alaska, KPB 5.18.140(C).



Draft Short Term Rental Regulations

The City of Homer is considering adopting regulations for Short Term Rentals, such as Airbnb and VRBO. You can read the draft regulations and memorandum [here](#).

Some notes based on questions received as of 12/22/23:

*As of 12/23, the concept is for business to be able to register, for free, through 2024, with required registration and fee payment beginning in 2025. Typical fees in the City are \$50-\$300; City Council will determine the final fee and enactment date of the regulations.

* There is NO cap or limitation proposed on the number of short term rentals within the City.

* No life safety inspection is required. Operators will self certify they have appropriate fire extinguishers, etc. A checklist is under development and will be posted here by the end of January.

Draft Meeting Timeline - 2024

There are several opportunities to speak about the proposed regulations. Attend whichever meeting time and date works for you! You can also provide comments on the webform below. As dates and times are confirmed, this page will be updated.

- **January 9th**, Economic Development Advisory Commission (EDC) Meeting. This includes a work session with small group breakout conversations. Work session starts at 4:30 pm. Regular meeting starts at 6 pm.

- **January 17th**, Chamber of Commerce Panel, noon at the college
- ~~January 24~~, Lunch time Q & A at the college, hosted by grassroots group Guiding Growth. (time tbd)
- **February 7**, Planning Commission (PC) Meeting (tentative)
- **February 13**, EDC Work Session (time tbd) and Meeting
- **February 21**, PC Meeting
- **February 26**, City Council Public Hearing. * It is likely there will be a substitute ordinance at this meeting, based on public comments received through February 15th.

Past Work

- [Homer Housing Event, March 2023](#)
- Short Term Rental Report, Fall 2022 - see [Council Work Session packet HERE](#)

Resources

- [State law on rentals and business licensing](#)
- [Kenai Peninsula Borough FAQ's on sales tax](#)
- [Kenai Peninsula Borough Brochure "Landlords or Lodging Providers"](#) (download)

Questions?

If you have questions, contact 907-435-3119, email planning@ci.homer.ak.us, or use the comment form below.

Please comment on the proposed regulation with the form below.

Name *

Comment *

STR owner or employee? Y/N *

Describe your interest in this topic: STR owner or operator/employee, or general public

Submit



Planning

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[Map Resources](#)

[Permits](#)

[Signs](#)

[Helpful Links](#)

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[FAQs](#)

Contact Information

Mailing address:

Homer City Hall

491 East Pioneer Ave

Homer AK 99603

Phone:

907-235-3106

Email:

planning@ci.homer.ak.us

Fax:

907-235-3118

Office Hours: Monday through Thursday 8 a.m. to 5 p.m.

[View Full Contact Details](#)

Planning Public Hearings

There are no upcoming public notices posted at this time.



City of Homer (907) 235-8121
491 E. Pioneer Avenue Homer, AK 99603

Department of Commerce, Community, and Economic
Development

DIVISION OF CORPORATIONS, BUSINESS AND PROFESSIONAL LICENSING

[State of Alaska / Commerce / Corporations, Business, & Professional Licensing / Business Licensing / PropertyRentalFAQs](#)

BUSINESS LICENSING

AirBnB, mother-in-law apartments, and property rental FAQs

1. I want to operate an AirBnB. Do I need an Alaska Business License?

Airbnb is an accommodation-sharing online marketplace which lets people rent out their properties or spare rooms to guests.

Yes, if you are collecting rental income then you are engaged in business activity and an Alaska Business License is required.

Per [AS 43.70.020\(a\)](#) a business license is required for the privilege of engaging in a business in the State of Alaska.

Per [AS 43.70.110\(1\)](#) "Business" means a for-profit or non-profit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods, or other property.

Per [AS 43.70.020\(f\)](#) a business license may cover multiple lines of business. For more information go to: [Multiple Lines of Business FAQs](#)

In addition, if your business structure is an entity (i.e. corporation, LLC, LLP, LP, etc.), per Alaska Statute Title 10, then you must register your entity prior to obtaining an Alaska Business License; for more information go to: [Corporations Section](#)

TIP: prepare before you begin to get licensed by going to: [How To Get Licensed](#)

2. I have a “mother-in-law” apartment and I want to rent it out. Do I need an Alaska Business License?

A “mother-in-law” apartment is a small apartment attached to or next to a house, ostensibly intended for occupancy by a mother-in-law or other relative, but potentially also rented out to a stranger.

Yes, if you are collecting rental income then you are engaged in business activity and an Alaska Business License is required.

Per [AS 43.70.020\(a\)](#) a business license is required for the privilege of engaging in a business in the State of Alaska.

Per [AS 43.70.110\(1\)](#) “Business” means a for-profit or non-profit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods, or other property.

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TIP: prepare before you begin to get licensed by going to: [How To Get Licensed](#)

3. I have a room I want to rent it out. Do I need an Alaska Business License?

Yes, if you are collecting rental income then you are engaged in business activity and an Alaska Business License is required.

Per [AS 43.70.020\(a\)](#) a business license is required for the privilege of engaging in a business in the State of Alaska.

Per [AS 43.70.110\(1\)](#) “Business” means a for-profit or non-profit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a

financial benefit in exchange for the provision of services, or goods, or other property.

Per [AS 43.70.020\(f\)](#) a business license may cover multiple lines of business. For more information go to: [Multiple Lines of Business FAQs](#)

In addition, if your business structure is an entity (i.e. corporation, LLC, LLP, LP, etc.), per Alaska Statute Title 10, then you must register your entity prior to obtaining an Alaska Business License; for more information go to: [Corporations Section](#)

TIP: prepare before you begin to get licensed by going to: [How To Get Licensed](#)

4. I have rental property I want to rent out. Do I need an Alaska Business License?

Yes, if you are collecting rental income then you are engaged in business activity and an Alaska Business License is required.

Per [AS 43.70.020\(a\)](#) a business license is required for the privilege of engaging in a business in the State of Alaska.

Per [AS 43.70.110\(1\)](#) “Business” means a for-profit or non-profit entity engaging or offering to engage in a trade, a service, a profession, or an activity with the goal of receiving a financial benefit in exchange for the provision of services, or goods, or other property.

Per [AS 43.70.020\(f\)](#) a business license may cover multiple lines of business. For more information go to: [Multiple Lines of Business FAQs](#)

In addition, if your business structure is an entity (i.e. corporation, LLC, LLP, LP, etc.), per Alaska Statute Title 10, then you must register your entity prior to obtaining an Alaska Business License; for more information go to: [Corporations Section](#)

TIP: prepare before you begin to get licensed by going to: [How To Get Licensed](#)

5. Will I need a business license from my local government, municipality, city, or village?

Check with your local government or agency for any additional business licensing requirements, potential restrictions per local ordinances, and/or sales tax requirements.

6. IMPORTANT – Check with other agencies.

After you have met the requirements of this Division there will be other agencies you need to work with to ensure compliance with local, state, and federal government requirements.

For more information go to: [Business Structure FAQs and click your entity type.](#)

For additional resources, which may provide technical, informational or advisory assistance, go to:

- [Alaska Small Business Development Center](#)
- [IRS Small Business Center](#)
- [Small Business Assistance Center](#)
- [U.S. Small Business Administration](#)
- [Workshops for Small Business](#)

In addition, you may wish to contact a professional association or organization affiliated with your business activity.

If you need further assistance you are advised to seek the services of an attorney or other qualified professional.

7. Where can I find additional information on landlord and tenant rights?

[Landlord and Tenant Information](#)

[The Alaska Landlord & Tenant Act: what it means to you](#)

In addition, landlords and tenants should read and familiarize themselves with the Alaska Uniform Residential Landlord and Tenant Act ([AS 34.03.010 – 34.03.380](#)).

Complaint FAQs

[Complaint FAQs](#)

This Division does not provide legal advice. The information contained within these webpages is provided for your convenience and is not to be interpreted as legal advice. It is

your responsibility to know what your registering, reporting and filing requirements are based on your specific business activities. Not knowing what is expected of you may not preclude you from the legal obligation to meet these requirements and compliance with the law. You are encouraged to seek the advice of a professional, such as a Certified Public Accountant (CPA) and/or Attorney if you need additional assistance.

Contact Us

When contacting this office, please direct your questions to the appropriate Section: Corporations, Professional Licensing, or Business Licensing. Each Section specializes in its own requirements per Alaska statutes and regulations.

Professional Licensing Section

Email: License@Alaska.Gov

Corporations Section

Email: Corporations@Alaska.Gov

Business Licensing Section

Email: BusinessLicense@Alaska.Gov

Mission Statement

Ensure that competent, professional and regulated commercial services are available to Alaska consumers.

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AGENDA ITEM REPORT

Short Term Rental Ordinance

Item Type:	Action Memorandum
Prepared For:	Economic Development Advisory Commission
Meeting Date:	13 Feb 2024
Staff Contact:	Julie Engebretsen, Economic Development Manager

Summary Statement: Review the “EDC February Draft” of the Short Term Rental Ordinance, and make comments and a recommendation to City Council.

Work Session

The EDC has a work session scheduled at 4:30. The structure of the work session is as follows:

1. Short presentation by staff on the process to date
2. Presentation of the “EDC” draft ordinance
3. Q&A on the draft ordinance
4. Group conversation (or break out groups if there are a lot of attendees)

Council asked the Commission to comment on the ordinance. Based on the discussion at the last meeting, I drafted the version titled “EDC February Draft”. The Commission can move to send this version to Council with your comments. The Commission can freely edit this EDC version.

How is the EDC Draft Different?

- All mention of housing in the whereas clauses are struck
- Regulations move from title 5 to title 8. (not a big change but puts it in the same place as mobile food permits)
- Further refined definition of short term rental
- Change the requirement from a permit for each STR unit, to each parcel of land; if you have two rental cabins, you need one permit for the property that covers both, rather than one for each unit. City records generally follow property and this will streamline recordkeeping.
- Changed the permit term from one year to two years – permits would be good for two years.
- The non-conforming uses section is struck. Its confusing and conflicts with Title 21.
- Capacity: removed maximum occupancy for bedrooms. (Staff doesn’t see how the city would enforce this currently). The standard of five guest rooms and 15 guests, which is a standard under title 21 and the state fire marshal is used instead.
- Emergency contact info would only be shared with the police department, and the requirement to notify neighboring properties within 300 feet has been removed.
- Enactment date would be January 1, 2025

Wrapping Up at the Regular Meeting:

- The Commission can edit the draft; come to the meeting with your ideas for changes and the line numbers you'd like to see amended.
- Council has said they appreciate seeing each person's comments. Therefore, after the Commission votes on the motion, I am requesting that you provide brief comments on why you voted the way you did, and why you support or don't support the ordinance. This is not a discussion time between Commissioners; this is for each Commissioner to say their piece.

Next Steps

- EDC comments will be sent to Council, in time for the February 26th meeting packet.
- The Planning Commission will discuss this topic at their February 21st meeting. I will be explaining the process and EDC recommendations, followed by discussion of the ordinance and taking their comments.
- Council on Feb 26th: There is a work session at 4:00 on the ordinance. I will be presenting a version of the EDC work session PowerPoints, and including Planning Commission comments. If the Council sponsors have a substitute ordinance, that will also be covered. Council has a public hearing on February 26th at the regular meeting. They can adopt the original ordinance as is, make changes, postpone... lots of things could happen.
- This topic will be on the March EDC agenda for any follow up.

Summary Statement: Review the "EDC February Draft" of the Short Term Rental Ordinance, and make comments and a recommendation to City Council.

Attachments

EDC February Draft Ordinance

Two comment documents from Charles Anderson

January staff report and attachments