



COUNCILMEMBER JENNIFER CAMPBELL



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FOR IMMEDIATE RELEASE

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Councilmember Dr. Jennifer Campbell Helps Forge Short-Term Rental Compromise Between UNITE HERE and Expedia Group

Agreement preserves neighborhood quality of life while protecting private property rights

(SAN DIEGO, July 1, 2020): At the request of Councilmember Dr. Jennifer Campbell, representatives from UNITE HERE Local 30 and Expedia Group (the parent company for leading short-term rental brands Vrbo and HomeAway) have agreed to a set of comprehensive rules to regulate the short-term rental (STR) industry in the City of San Diego. The proposal, as outlined in a Memorandum of Understanding between UNITE HERE Local 30 and Expedia Group, would reduce the volume of whole-home STRs while creating legal inventory for STR platforms and local operators that comply with the new rules.

“San Diegans deserve STR regulations that protect our neighborhoods, preserve valuable housing and will stand the test of time,” said Councilmember Dr. Jennifer Campbell. “I promised my constituents I would work for them to tackle the tough issues and that is exactly what happened here. I appreciate the willingness of UNITE HERE and Expedia Group to work with me in the spirit of collaboration. I look forward to discussing their proposal with my colleagues when this issue comes back to council.”

Based on constituent feedback, San Diego City Councilmember Dr. Jennifer Campbell, who represents many of the beach communities, including Mission Beach, Pacific Beach and Ocean Beach, urged the two groups to come together and open a dialogue.

It was important for UNITE HERE, who represents more than 6,000 local hotel, gaming and hospitality workers in San Diego, to establish well-defined rules for the STR industry that balances protecting existing hospitality jobs but preserves the right of homeowners to use their property to help make ends meet.

“The City has debated this issue time and time again without resolution,” said Brigette Browning, UNITE HERE Local 30 President. “This proposal is a fair compromise that protects hotel and hospitality workers and establishes real enforcement mechanisms to remove bad actors. We look forward to the City Council considering this proposal in the near future.”

The agreement would establish four tiers of STRs in the City of San Diego, ranging from home-sharing to whole-home rentals. Highlights of the compromise include:

- Capping whole-home STRs at 0.7 percent of the City’s housing stock (based on SANDAG’s annual Demographic and Socioeconomic Housing estimates), which would equate to 3,750 permits today – reducing whole-home STRs by 70 percent or more based on the City Auditor’s estimation that 16,000 STRs exist today
- Establishing two-night minimum stays for most whole-home rentals
- Allowing residents a maximum of one permit, per person
- Adopting the Mission Beach Town Council’s recommendation to permit up to 30% of the housing units in the community to be used as whole-home STRs (1,086), which will be in addition to the city-wide cap
- Allowing all residents to home-share
- Allowing part-time STR operators to obtain a permit at lower annual fees to accommodate high visitor events such as Comic-Con, Pride or December Nights
- Creating a detailed Good Neighbor Policy with strict enforcement guidelines, a fine structure for violations, and a permit revocation standard for repeated violations

Expedia Group is the world’s travel platform, with travel sites connecting millions of travelers with destinations in over 70 counties. Expedia’s vacation rental brands Vrbo and HomeAway have been responsibly serving San Diego homeowners and managers for 25 years. Expedia Group has been working with the City Council, its customers, and community stakeholders for over four years to find a fair path forward.

“Short-term rentals are a vital part of San Diego’s economy, contributing nearly \$32 million annually to the City’s general fund through local taxes alone,” said Amanda Pedigo, Vice President Government and Corporate Affairs, North America, Expedia Inc. “Yet, for far too long local vacation rental homeowners and managers have been kept in regulatory limbo. This compromise provides our partners with the long-term certainty they need to legally operate in the City. We are hopeful this proposal will be adopted by Council soon.”

A key sticking point for years on this issue relates to developing appropriate rules for Mission Beach, where STRs have existed for nearly 100 years. The California Coastal Commission has repeatedly encouraged communities to protect low cost visitor accommodations that preserve beach access for everyone. Expedia Group and UNITE HERE agreed that proposing the same standards as recommended by the Mission Beach Town Council made the most sense.

“We appreciate that Expedia Group and UNITE HERE worked together to develop and recommend a fair compromise that reflects what Mission Beach believes is right for our community,” said Matt Gardner, Mission Beach Town Council President. “We are encouraged by their collaborative efforts and will urge the City Council to adopt this proposal.”

After nearly five years of vigorous debate and numerous public hearings, the two groups are hopeful that their proposed guidelines may help the City Council move quickly to pass reasonable and bipartisan STR legislation that could go into effect in 2021.

The City Attorney's office has agreed to draft a STR ordinance that can be implemented city-wide based upon input from the parties and community stakeholders. Both UNITE HERE and Expedia Group are urging the Council to direct docket the ordinance for a vote as soon as possible.

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FINAL SIGNED MOU - June 24, 2020

Memorandum of Understanding

between

Expedia Group

and

UNITE HERE

Expedia Group and UNITE HERE (collectively, The Parties) are proposing new regulations to govern short-term rentals in San Diego. The Parties have agreed to enter into this non-binding Memorandum of Understanding outlining the parameters of the regulations, which, if approved by the City Council, would balance the need to preserve neighborhood quality of life with protecting private property rights.

The Parties have agreed the following terms and conditions should form the foundation of any short-term rental ordinance adopted by the City of San Diego:

Brief Proposals for STR Regulations

1. Purpose - to define and regulate short-term rentals within the City of San Diego so that the people of San Diego are better able to find available housing at reasonable prices and enjoy peace and tranquility in their home neighborhoods.
2. A short-term rental (STR) is defined in San Diego's Municipal Code as occupation of a dwelling unit or part thereof for 30 consecutive days or less.
3. A permanent resident is defined as the person who regularly resides at the STR property for at least 180 days per year. It must be the property owner or the property owner's lessee who lives there permanently and has documented permission by the owner to use the property as a STR.
4. Permit applicants must include the following information when registering annually for a permit online or in person:
 - a. A valid Driver License or Government ID Card to verify the applicant's identity.
 - b. A valid utility bill for the residence being rented as a STR, and matching the applicant's verified name.
 - c. LLCs will be required to provide a valid Employer Identification Number and a Government ID card.
5. STR owners will be required to pay for trash service provided by the City of San Diego in addition to the STR permit fees.
6. STR Platforms:
 - a. All platforms that display short-term rental listings for properties in San Diego shall comply with the following:
 - i. require that all operators using the platform include a permit number in any listing for a STR on the platform;

- ii. check the operator-provided permit number against the City’s registry and deactivate any STR listing that lacks a permit number that appears on the City’s registry;
 - iii. the City shall create a registry of permitted STR properties that is accessible to STR platforms; and
 - iv. the registry shall, at a minimum, include the city-issued permit numbers. The City will update the registry at least daily to include newly issued permit numbers.
 - b. Additionally, STR platforms agree to provide guidance and best practice solutions to assist the City of San Diego in its development of technology systems to track and monitor STR usage.
7. A person or LLC who wishes to rent out a STR will be allowed to choose only one Tier at a time upon which to get their permit.
8. A property used as a STR will be defined as a STR in one of the following Tiers:

Tier 1:

The lodging will be owned or sub-leased with permission of the owner and rented as a STR for an aggregate total of 30 days or less per year. The permanent resident must obtain a business license and a STR permit from the City of San Diego to operate the STR and is responsible for sending the proper Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf. This tier will be charged a fee of: \$50/year

Tier 2:

The lodging is the permanent residence of the owner or permanent residence of the renter who has written permission from the owner to use the property as a STR. A room or rooms within the residence are rented as a STR with the permanent resident present. The owner must obtain a business license and a STR permit to operate the STR and is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf. This home-sharing includes duplex properties, accessory dwelling units and granny flats¹ where owner or renter live on site. This tier will be charged a fee of: \$250/year

Tier 3:

A property owner, or their lessee, has the option to rent out a maximum of one home as a whole-home rental. The property can be rented more than 30 days per year as a STR. To rent as a STR, the owner must obtain a business license and a STR permit. Individuals and LLCs cannot hold more than one STR permit at a time. The owner is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner’s behalf.

¹ Granny flats and/or accessory dwelling units built prior to the City of San Diego’s September 12, 2017 Granny Flat Ordinance are eligible to be used as a STR. Granny flats and/or accessory dwelling units built after the 2017 ordinance are not allowed to be used as a STR.

Any whole-home STR shall require a two-night minimum stay for guests. The two-night minimum applies to Tiers 3 and 4, but does not apply to Tiers 1 and 2.

The amount of whole-home STRs shall not exceed 0.7 percent of the Total Housing Units in the City of San Diego per SANDAG's annual Demographic and Socioeconomic Housing estimates². Today this amount equates to 3,750 whole-home STRs in the City of San Diego. STRs associated with Tiers 1, 2 and 4 are not to be counted in the 0.7 percent whole-home permit cap. Homes with 3 bedrooms or less will be charged a fee of: \$1000/year. Homes with more than 3 bedrooms will be charged a fee of: \$1500/year.

Tier 4:

Mission Beach will stand as an individual tier allowing for up to 30 percent of housing inventory to be used as whole-home STR rentals. The amount of whole-home STRs should not exceed more than 30 percent of Total Housing Units in the community per SANDAG's annual Demographic and Socioeconomic Housing estimates³. Today this amount equates to 1,086 whole-home STRs in the Mission Beach Community. The owner must obtain a business license and a STR permit to operate the STR and is responsible for sending the Transient Occupancy Tax to the City Treasurer, unless collected and remitted by a STR platform on the property owner's behalf.

Any whole-home STR shall require a two-night minimum stay for guests. The two-night minimum applies to Tiers 3 and 4, but does not apply to Tiers 1 and 2.

Homes with 3 bedrooms or less will be charged a fee of: \$1000/year. Homes with more than 3 bedrooms will be charged a fee of: \$1500/year.

STR Enforcement

In order to facilitate neighborhood quality of life, STR operators will be required to provide guests with a Good Neighbor policy⁴ designed to make the guest familiar with parking and other rules of conduct that promote neighborhood cohesion and livability. The Good Neighbor policy shall remind guests that they are obligated to follow all City laws or face escalating fines and citations at the discretion of the responding officer.

In instances where noise and nuisance complaints arise, Code Enforcement, together with the Police Department when necessary, will be responsible for determining if a violation has occurred.

A fine or citation may be given to the STR owner and the guest at the discretion of the responding officer for all verified violations:

- A first response notice constitutes a 'warning'.
- A second and subsequent response notice may result in the property's responsible person or primary resident being issued an administrative citation.⁵

² http://datasurfer.sandag.org/download/sandag_estimate_2018_jurisdiction_san-diego.pdf

³ http://datasurfer.sandag.org/download/sandag_estimate_2018_cpa_mission-beach.pdf

⁴ See accompanying policy document example

⁵ §12.0301 Administrative Remedies in the San Diego Municipal Code

- A third response notice (citation) within a 12-month period may result in the STR permit revocation for no less than a 12-month period for the premises for which the permit was originally issued.

Local Contact Designation

A critical component for enforcement of the regulations is the requirement of local contact available to respond to neighborhood disturbances within one hour. All property owners must post a notice in a visible location (from the sidewalk or public right of way) contact information for a designated local contact who shall be responsible for actively discouraging and preventing any nuisance activity at the premises, pursuant to Municipal Code Chapter 5. The property owner or designated local contact shall respond to the complainant in person or by telephone within one hour for all reported complaints and shall take action to resolve the issue. The 8.5" x 11" notice must include the STR permit number and the contact information and telephone number for the property owner or the designated local contact and the City of San Diego Code Enforcement Division. The property owner shall maintain the notice in good condition while the dwelling unit is operated as a STR.

Public Safety Awareness

At the time of permitting, City of San Diego staff shall provide information to STR operators related to identifying and reporting human trafficking. STR operators shall be required to educate all workers who may interact with guests so that they can identify and report human trafficking. STR operators must post conspicuously in the home guidance for reporting human trafficking and complete an online human trafficking awareness program provided by the STR platform before the listing can go live online. Any operator found to be in violation of sex trafficking laws shall have their STR permit revoked and be immediately and permanently banned from operating STRs in the City of San Diego.

The MOU has been agreed to by the following participants:



Amanda Pedigo
Vice President Government and Corporate Affairs, North America
Expedia, Inc.

Date



Brigette Browning
President
UNITE HERE Local 30

Date

EXAMPLE

CITY OF SAN DIEGO - GOOD NEIGHBOR POLICIES

Welcome to San Diego! We hope you have a wonderful stay.

We would like to remind you that you are staying as a guest in a residential community. As a member of the community, we value our relationships with our neighbors. Our goal is to ensure the neighbors are not disturbed - so please ensure that all occupants are aware of the enclosed policies of your rental agreement. **Any noise disturbances or violations of your rental agreement can result in automatic fines and possible eviction with no refunds.**

Noise - If you're fortunate enough to be visiting us while on vacation, please note that your schedule may differ from that of your neighbors. The following policies are designed to ensure there are no noise disturbances:

- The City of San Diego has a 24hr noise ordinance so please keep the volume of your voices and music at a reasonable level throughout the day.
- Quiet time starts at 10:00 pm. The use of outdoor spaces after 10:00 pm is prohibited. Please move your group inside by 10:00 pm and be aware that open windows and doors may allow sounds to carry and disturb others.
- When returning from an evening out, please keep your voices to a level that will not disturb the neighborhood.
- The surrounding neighbors have access to a 24/7 contact number that they may call to file a complaint. As a reminder, any noise disturbances or violations of your rental agreement can/will result in automatic fines and possible eviction with no refunds.
- We understand that you deserve a quiet and peaceful experience as well. If another resident is causing a disturbance, we encourage you to call the non-emergency police hotline at 619-531-2000. In case of an emergency, please call 911.

Trash – Please note that most homes have both trash and recycling cans. Please place only clean recyclables in the blue can – cardboard, clean cans and bottles, etc. All other garbage items should be bagged, tied closed and placed in the black cans only. Please call your host if the bins are full. **Do not place your trash/recycling in bins that are not specifically dedicated for your property.**

Parking – Please adhere to all posted parking regulations and engage good neighbor practices regarding parking on or around the rental property. Vehicles should be parked in approved carports, garages, and/or driveways only. Renter's vehicles should not negatively impact a neighbor's access.

Enforcement – Please be aware that failure to abide by these good neighbor policies and City of San Diego laws may result in increasing fines, citations and penalties.

Public Safety – If you or someone you know is a victim of human trafficking please contact the National Human Trafficking Hotline 24-hours a day 7-days a week. **Call 1-888-373-7888 or text 233733 or call 911.**

Thank you for taking the time to review our policies. Please do your part to help ensure and enjoyable experience for other visitors and residents as well. We hope you enjoy your stay and return to enjoy our beautiful community again. Thank you!