

CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT

2022 Annual Short-Term Rental Report

April 5, 2023

Prepared for: Chair Spivey and Members of the Planning Commission

Copy provided to: Mayor Eisenbeisz and Assembly Members

John Leach, Municipal Administrator

Report Sections

- A. Permit & Financial Data
- B. Property Data
- C. Marketing & Management Data
- D. Visitation – Enplanement
- E. Short-Term Rental Density & Maps

Please note the following:

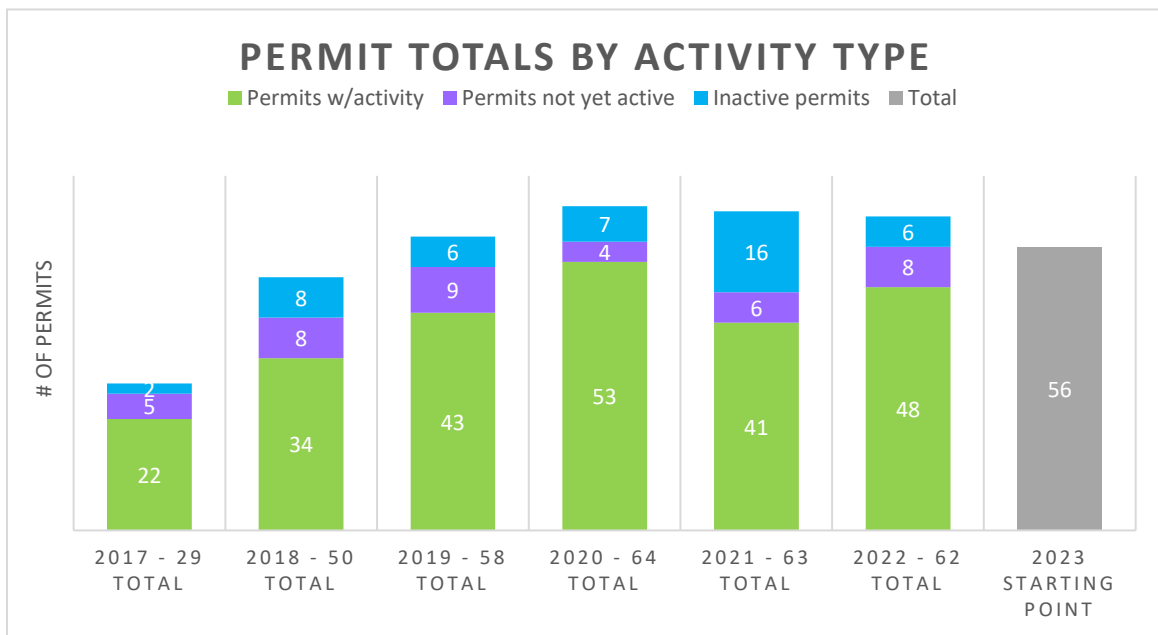
This report only covers short-term rentals or bed and breakfast establishments that operate through the conditional use permit process. This report does not have information about short-term rentals that are operated by right within the Central Business District, Commercial 1 District, Commercial 2 District, Waterfront District, General Island District, and/or Recreational District.

The term “short-term rental” or STR, will also be used to describe bed and breakfast establishments permitted through the conditional use permit (CUP) process.

A. Permit & Financial Data

Permit Data	2017	2018	2019	2020	2021	2022
Total Permits	29	50	58	64	63	62
Active permits in use	22	34	43	53	41	48
Active permits not yet used	5	8	9	4	6	8
Inactive permits	2	8	6	7	16	6
Rental Data from Active Permits						
Total nights rented	1155	2928	3190	1788	2917	4137
Average nights rented (avg/permit)	53	86	74	30	71	86
Minimum nights rented	2	2	2	0	1	5
Maximum nights rented	146	446	259	174	205	276
Financial Data from Active Permits (\$ USD)						
Total bed tax remitted	14,979	27,950	39,137	21,293	47,286	63,997
Total implied revenue	249,663	465,838	652,292	354,883	788,100	1,066,617
Average bed tax remitted	680	822	910	402	1,153	1,333
Average implied revenue	11,348	13,701	15,169	6,695	19,222	22,217
Minimum bed tax remitted	12	0	14	0	6	10
Maximum bed tax remitted	2,434	3,107	3,776	1,581	2,936	4,538

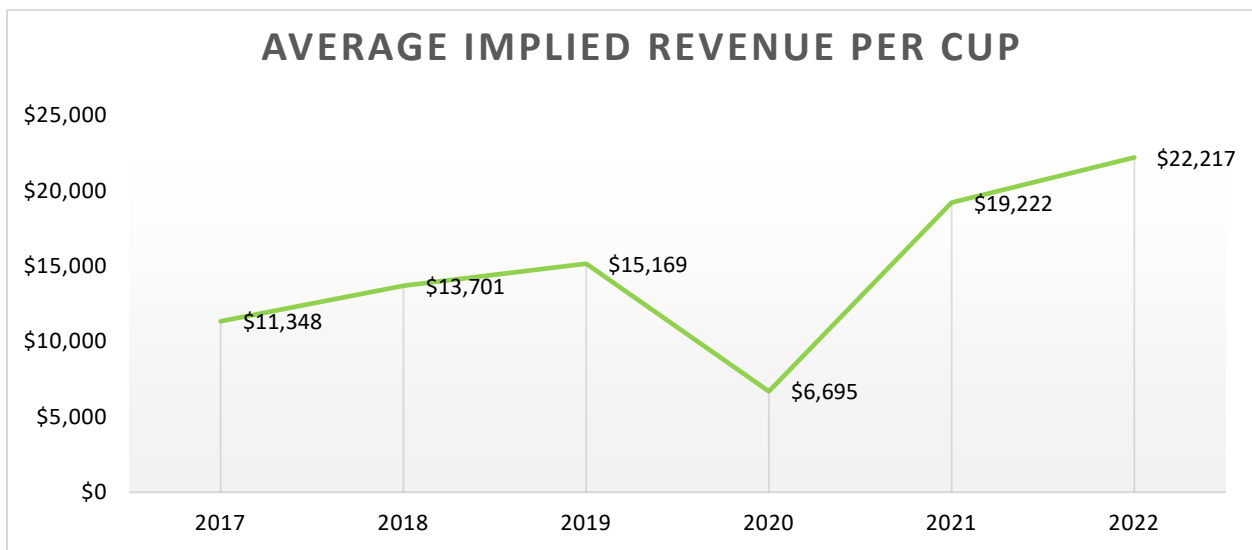
Summary: There are 62 total permits accounted for in 2022. Of the 19 permits issued in 2022, 11 began rental activity within the calendar year, and 8 did not. These 8 are the permits considered, “Active permits not yet used.” 6 permits reported no rental activity in the year, becoming “Inactive permits.” Therefore the beginning baseline of active permits in 2023 is 56 active permits. There was a 100% response rate for all permits.



As Sitka’s bed tax on short-term rentals is 6%, and the total bed remitted was \$63,997, this implies a total revenue of \$1,066,617, breaking over \$1 million for the first time. Over 4,137 rental days, this would put the average price per night at approximately \$258. In 2021, the average price per night was \$270 which implies that the increase in revenue is driven more by increased permit usage rather than increases in nightly rates. However, high value or “luxury” rentals can skew this result.

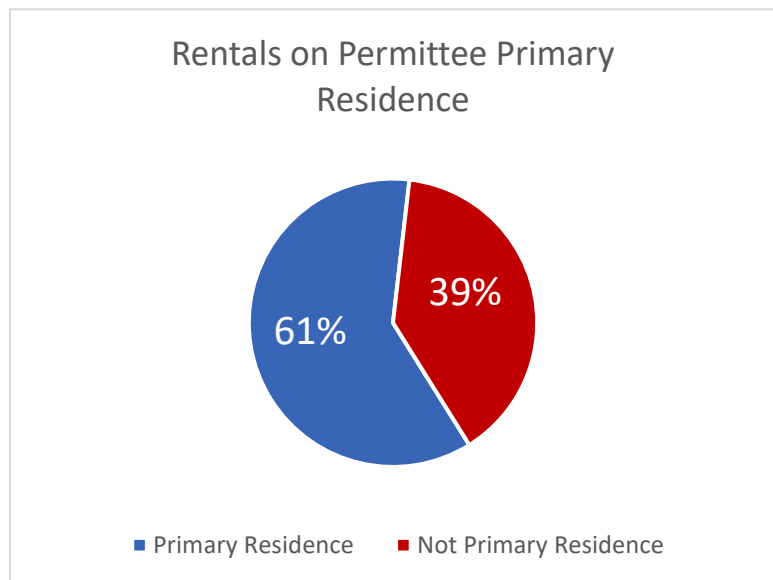
STRs still represent a significant revenue source that could substantially offset housing expenses. The average revenue per permit holder is \$22,217; a sizeable revenue stream for properties owners not otherwise captured at hotels, lodges, or short-term rentals/bed and breakfast establishments in other zoning districts.

The average implied revenue per CUP increased steadily between 2017 and 2019, dropped dramatically in 2020 due to the pandemic, and has rebounded in 2021 and 2022.



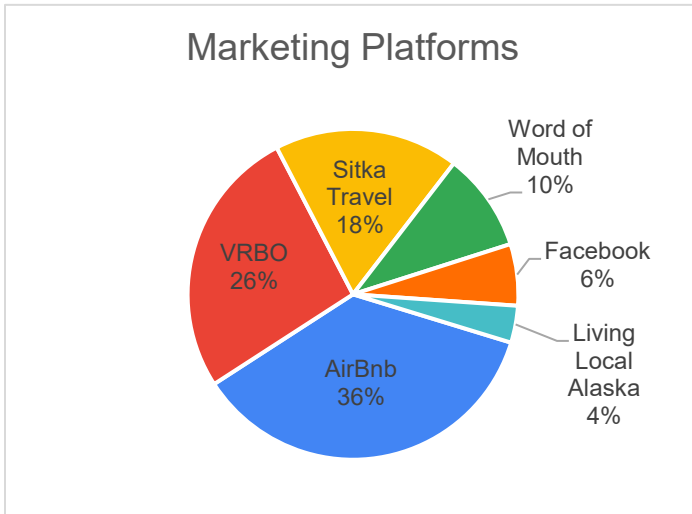
B. Property Data

In 2022, a zoning amendment was passed requiring short-term rentals in residential zones to be on the same property as an applicant’s primary residence. Bed and breakfast establishments have always carried this requirement. With the “natural attrition” seen for conditional use permits, we expect to see a greater proportion of permits that are on the primary residence of the permit holder over time. For those whose STR is on their primary residence property, two-thirds are on site during rental usage.



C. Marketing & Management Data

Marketing platform data is collected to help better understand marketing trends and monitor platforms for compliance.



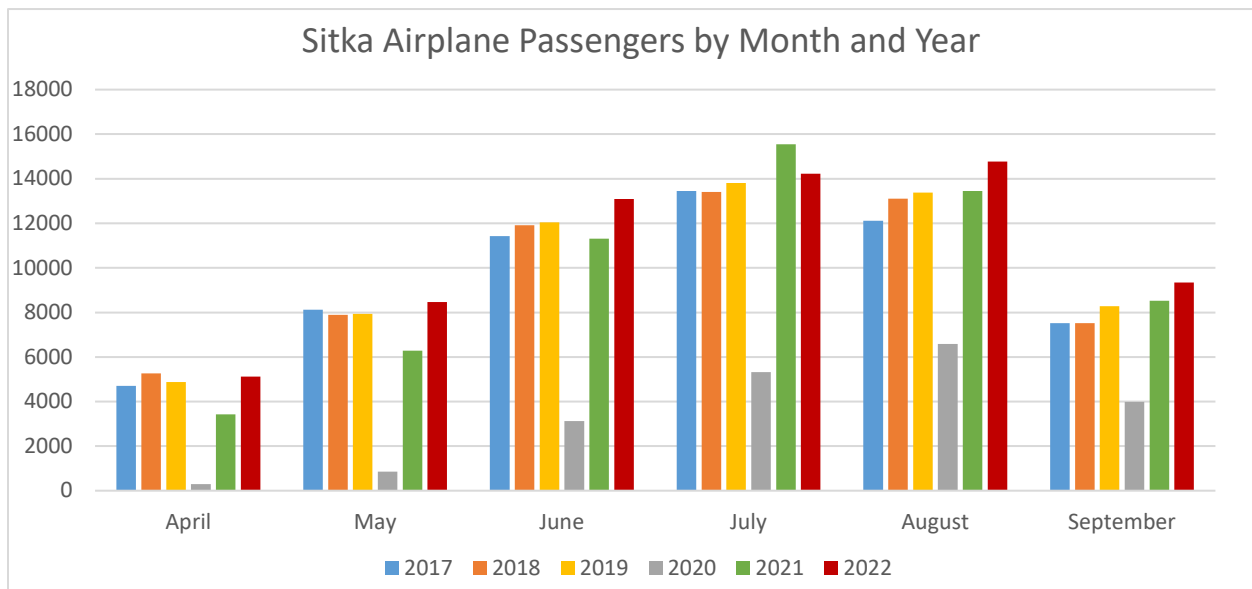
Most respondents listed multiple marketing platforms, such as using multiple websites, or a manager as well as a private listing site (such as Airbnb or VRBO). Airbnb was, for another year, the most popular marketing platform, followed by VRBO and Sitka Travel (a local company).

46% of those with active permits stated that they were using professional services for property management, a slight uptick from 44% in 2012.

D. Visitation – Enplanement

Short-term rentals primarily serve independent travelers who arrive in Sitka via commercial airlines. Beginning in last year’s report, enplanement data was presented to understand visitation numbers and the strength of the independent travel market.

2022 was another record setting year of enplanement through the months of April – September. Enplanement for this period was 11% higher in 2022 than 2021. This continued growth in visitation does appear to correlate to the increase in average nights rented per permit.



Data gathered from: <https://www.transtats.bts.gov/Data Elements.aspx?Data=2>

E. Short-Term Rental Density & Maps

The density maps produced depicting the locations of active short-term rental permits demonstrate similar trends from previous years; STRs are generally concentrated in the downtown area and the Edgumbe Drive/connectors area. However, a couple STRs have become inactive near the corner of Jeff Davis and Lincoln Street, decreasing the density in this particular area.

While SGC 22.24.010(C)(1)(c) does include density and impacts to the immediate surrounding neighborhood as considerations the Commission may make in consideration of granting permits for STRs, the code does not offer standards by which density (more specifically over-density) should be considered. This was raised as a concern by Commissioners during the course of 2022.

In cursory research, staff has attempted to find guidance and examples around the regulation of short-term rental density. While numerous sources allude to using density or “concentration” regulations to protect neighborhood character, no guidance was found on best practices or standards to apply.

Some examples found were*:

- Limiting the number or percentage of units within a multi-family building: Portland, OR limits to 25% of units, Portland, ME limits to no more than 5 within one building.
- Proximity limits: Durango, CO has limits by street segment, and further limits to only allowing one permit per block face. Wilmington, NC prohibits STRs from being within 400 feet of each other.
- Overall caps: Crested Butte, CO limits permits to no more than 30% of free market residential units (i.e. excludes affordable housing units under provisions like deed restrictions), and in Georgetown and Savannah, GA, limits are set by “ward”, essentially an extended neighborhood or mini-townsites; Georgetown allows no more than 7% per town ward, and Savannah limits to 20% per ward cap in residential zones.

Based on the fairly steady numbers of STR permits that have held from 2019-2022, the need for a community-wide cap does not seem apparent. However, density of short-term rentals within neighborhoods, particularly the downtown area, should continue to be monitored and considered with new permit applications.

*Data sources:

<https://planning-org-uploaded-media.s3.amazonaws.com/document/PASQuickNotes56.pdf>

https://www.cml.org/docs/default-source/uploadedfiles/issues/economic-development/short-term-rental-ordinance-matrix.pdf?sfvrsn=96264f69_0

<https://www.pressherald.com/2017/03/27/portland-enacts-rules-for-short-term-rentals/>

<https://www.wardandsmith.com/articles/short-term-rentals-regulations-not-always-a-day-at-the-beach-for-municipalities>

<https://www.hostfully.com/regulations/georgia/>