

# CITY AND BOROUGH OF SITKA

PLANNING AND COMMUNITY DEVELOPMENT DEPARTMENT

## 2023 Annual Short-Term Rental Report

July 17, 2024

Prepared for Chair Windsor and Planning Commission Members  
Copies provided to Mayor Eisenbeisz and Assembly Members,  
John Leach, Municipal Administrator

### Report Sections

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

### ***Please note the following:***

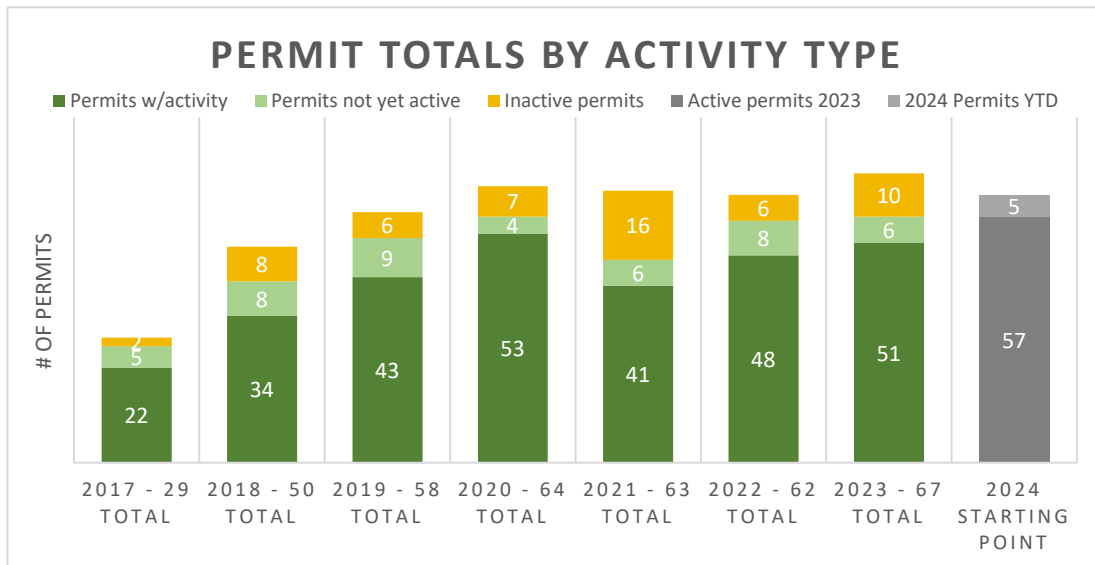
This report only covers short-term rentals or bed and breakfast establishments that operate through the conditional use permit process. This report does not have information about short-term rentals that are operated by right within the Central Business District, Commercial 1 District, Commercial 2 District, 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	2018	2019	2020	2021	2022	2023
Total Permits	50	58	64	63	62	67
Active permits in use	34	43	53	41	48	51
Active permits not yet used	8	9	4	6	8	6
Inactive permits	8	6	7	16	6	10
Rental Data from Active Permits						
Total nights rented	2928	3190	1788	2917	4137	3977
Average nights rented (avg/permit)	86	74	30	71	86	78
Minimum nights rented	2	2	0	1	5	3
Maximum nights rented	446	259	174	205	276	250
Financial Data from Active Permits (\$ USD)						
Total bed tax remitted	27,950	39,137	21,293	47,286	63,997	76,273
Total implied revenue	465,838	652,292	354,883	788,100	1,066,617	1,271,234
Average bed tax remitted	822	910	402	1,153	1,333	1,557
Average implied revenue per permit	13,701	15,169	6,695	19,222	22,217	25,944
Average implied nightly rental price	159	205	223	271	258	333
Minimum bed tax remitted	0	14	0	6	10	0
Maximum bed tax remitted	3,107	3,776	1,581	2,936	4,538	5,725
Maximum implied revenue	51,783	62,933	26,350	48,933	75,633	95,417

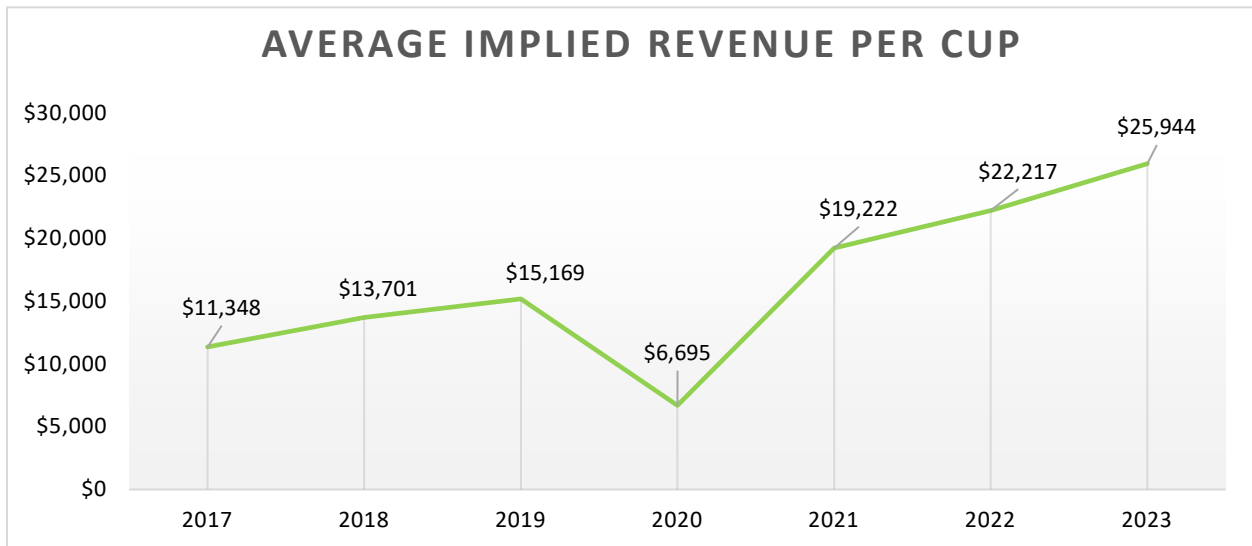
Summary: There were 67 total permits in 2023. Of the 10 permits issued in 2023, 4 began rental activity within the calendar year, 5 did not, and 1 did not use the permit and sold the property, voiding the permit. One permit issued in 2022 was given a two-year initiation period and did not begin renting in 2023. These 6 are the permits considered, "Active permits not yet used." 10 permits reported no rental activity in the year, becoming "Inactive permits." Therefore, the beginning baseline of active permits as of January 1, 2024, was 57. Two permits with reported activity did not remit bed tax; staff will be following up with permit holders to resolve this issue. There was a 93% response rate for all permits; staff confirmed that the permits for which no report was submitted were inactive in 2023 and these permits will be closed.



As Sitka’s bed tax on short-term rentals is 6%, and the total bed remitted was \$76,726; this implies total rental revenue of \$1,271,234, breaking \$1 million for the second year and exceeding 2022 revenues by 19%. Over 3,977 rental days (a slight 4% decline from 2022), this would put the average price per night at approximately \$333. In 2022, the average nights rented per permit was 86, which declined slightly to 78 in 2023, indicating that the increase in price is driven more by increased rental 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 \$25,944; 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. In comparison to long-term rentals, the National Low Income Housing Coalition estimates that the fair market value of a two-bedroom unit in Sitka is \$1,466 per month. Averaging short-term rental revenue (average per permit) over twelve months, this equates to \$2,162 per month while in actuality only having to rent the unit for 78 days a year.

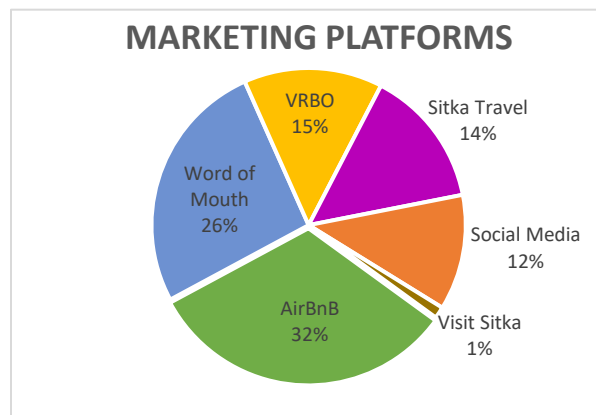
The average implied revenue per CUP increased steadily between 2017 and 2019, dropped dramatically in 2020 due to the pandemic, rebounding and steadily growing since 2021.



**B. 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). Interestingly, “word of mouth” grew from 10% in 2022 to 26% in 2023.



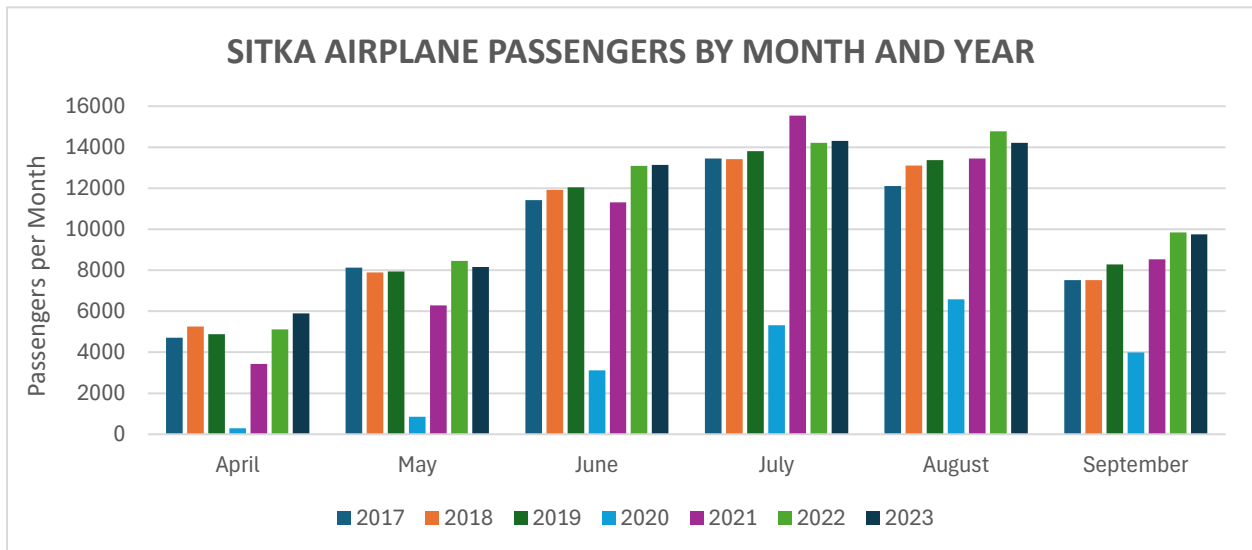
31% of those with active permits stated that they were using professional services for property management, a decline from 46% in 2022. 56% of permittees report that they live on the property with the short-term rental and are present when the unit is rented, 23% personally monitor the property when it is rented, and 32% are not present on the property when it is rented.

**C. VISITATION – ENPLANEMENT**

Short-term rentals primarily serve independent travelers who arrive in Sitka via commercial airlines. Beginning in the 2021 report, enplanement data was presented to understand visitation numbers and the strength of the independent travel market.

2023 enplanement through the months of April – September was level with 2022 (99.9%). Comparing the two years, enplanement was slightly lower in May, August, and September of 2023, but there was a 15% increase (778 additional passengers) for April. The consistent level of enplanement between 2022 and 2023 is particularly interesting in the context of the slight decline (4%) in total rental nights in 2023 from 2022. This could imply that in 2023 increased travel in April was absorbed by hotels (potentially for conference related travel), there was more resident travel, more travel by family and friends of residents and staying as house guests, more day-travel from nearby communities, growth in short-term rental opportunities in commercial zones, and/or an increase in non-permitted short-term rentals.

Summer enplanement has grown 14% since 2017, and total yearly enplanement has grown by 12%. Enplanement in the summer months as a proportion of total year enplanement was consistently two-thirds 2017-2019, dipped to 53% in 2020, reached a high of 74% in 2021, was 70% in 2022, and 68% in 2023.

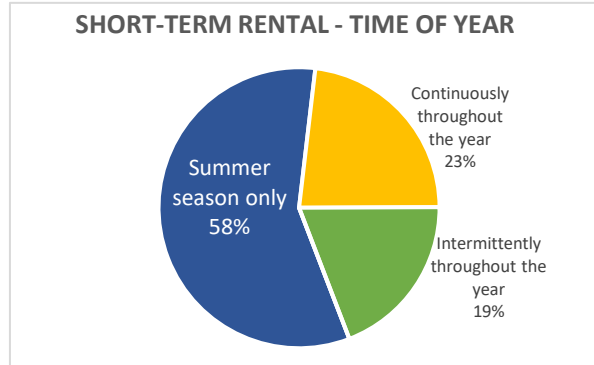


Data Source: <https://www.transtats.bts.gov/Data Elements.aspx?Data=2>

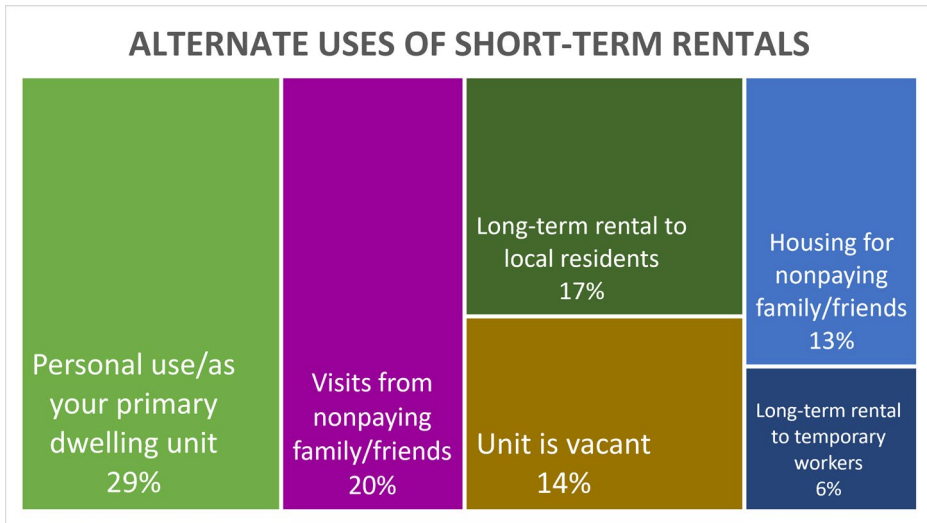
**D. USE DATA**

For this year’s report, Planning Commission members voiced interest in finding out more information about how units are used when not being short-term rented and the type of visitors utilizing short-term rentals. This portion of the annual report was optional; a little over 80% of permittees elected to participate in this part of the report.

Respondents predominantly short-term rent their units in the summer months (defined as April – September) only which was consistent with general assumptions/expectations. There was a fairly even split between those who rent continuously throughout the year and for intermittent periods throughout the year. No respondents solely rent their units during the winter months, which was also consistent with expected results.



**Alternate Uses of Short-Term Rentals**



There has been increasing interest in understanding how units are used when not being rented on a short-term basis. Respondents were able to select all options they felt were applicable.

Personal use, including the unit being the permittee’s primary dwelling unit was the highest use, followed by visits from family and friends.

A particular area of interest has been whether units are alternatively used as long-term rentals when not being short-term rented. In total, 24% of respondents indicated use of the unit as a long-term rental for part of the year; their responses are further detailed below:

Long-Term Rentals To:	
Local residents, no additional uses	41%
Local residents in combination with other uses	77%
Temporary employees, no additional uses	5%
Temporary employees in combination with other uses	27%
Local residents and temporary employees, no additional uses	45%

For responses indicating long-term rental use by local residents as their only alternate use of the unit (13% of total permits), two-thirds (9% of total permits) are short-term rented in the summer only which means they could potentially provide up to 6 months of housing for local residents.

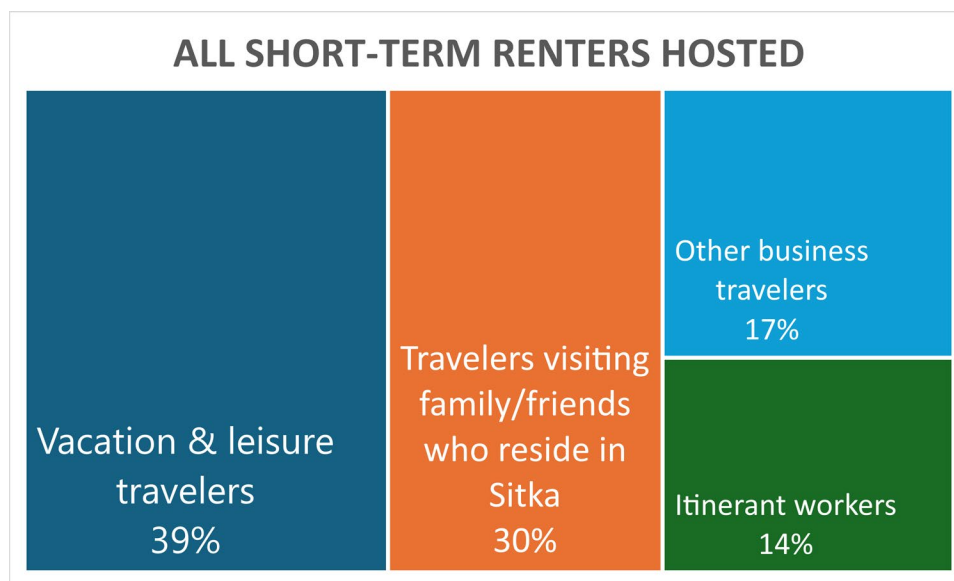
Use by visiting family and friends is also a common use for units when not short-term rented. Slightly more than half of respondents who indicated use by houseguests also indicated additional use; 82% reported use as housing for nonpaying family/friends, and 73% reported long-term rental use.

There has also been continued interest in understanding how many units are vacant when not used as a short-term rental. Of the 13 respondents who reported that the unit is vacant, slightly less than half indicated no other additional uses. 31% reported use by visitors, 23% reported housing use by other family/friends, and 15% reported occasional long-term rental use.

### Visitor Characteristics

Respondents were asked to characterize the primary users of their short-term rentals, as well users overall. Two-thirds of respondents said vacation and leisure travelers were their primary users, followed by 27% travelers visiting family/friends who reside in Sitka, and 6% business travel.

When looking at all short-term renters whom permittees host, the proportions between vacation and leisure travelers, those visiting Sitkans, and work-related travel is fairly even. Based on interest from Commissioners, the question differentiated between itinerant workers such as those who come to work for Sitka for short, infrequent, or intermittent periods such as those providing specialized repair services, visiting researchers or artists, etc., temporary employees like traveling nurses, and other business travelers such as those visiting for meetings or conferences.



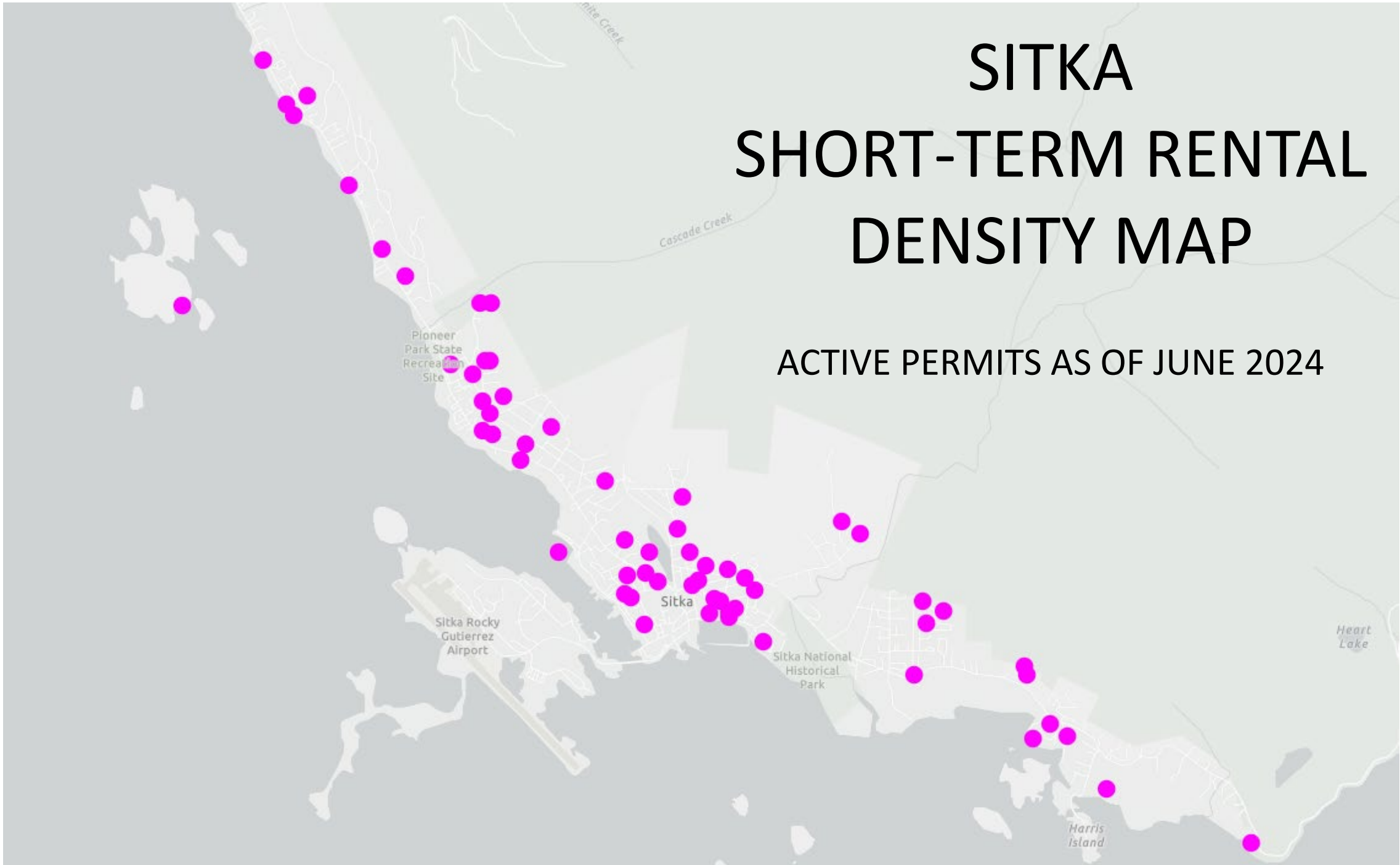
87% of hosts reported having vacation and leisure travelers; 29% reported that these visitors were their only short-term renters. 10% reported only having guests who were visiting Sitkans. 25% reported having all four categories of short-term renters.

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.

# SITKA SHORT-TERM RENTAL DENSITY MAP

ACTIVE PERMITS AS OF JUNE 2024



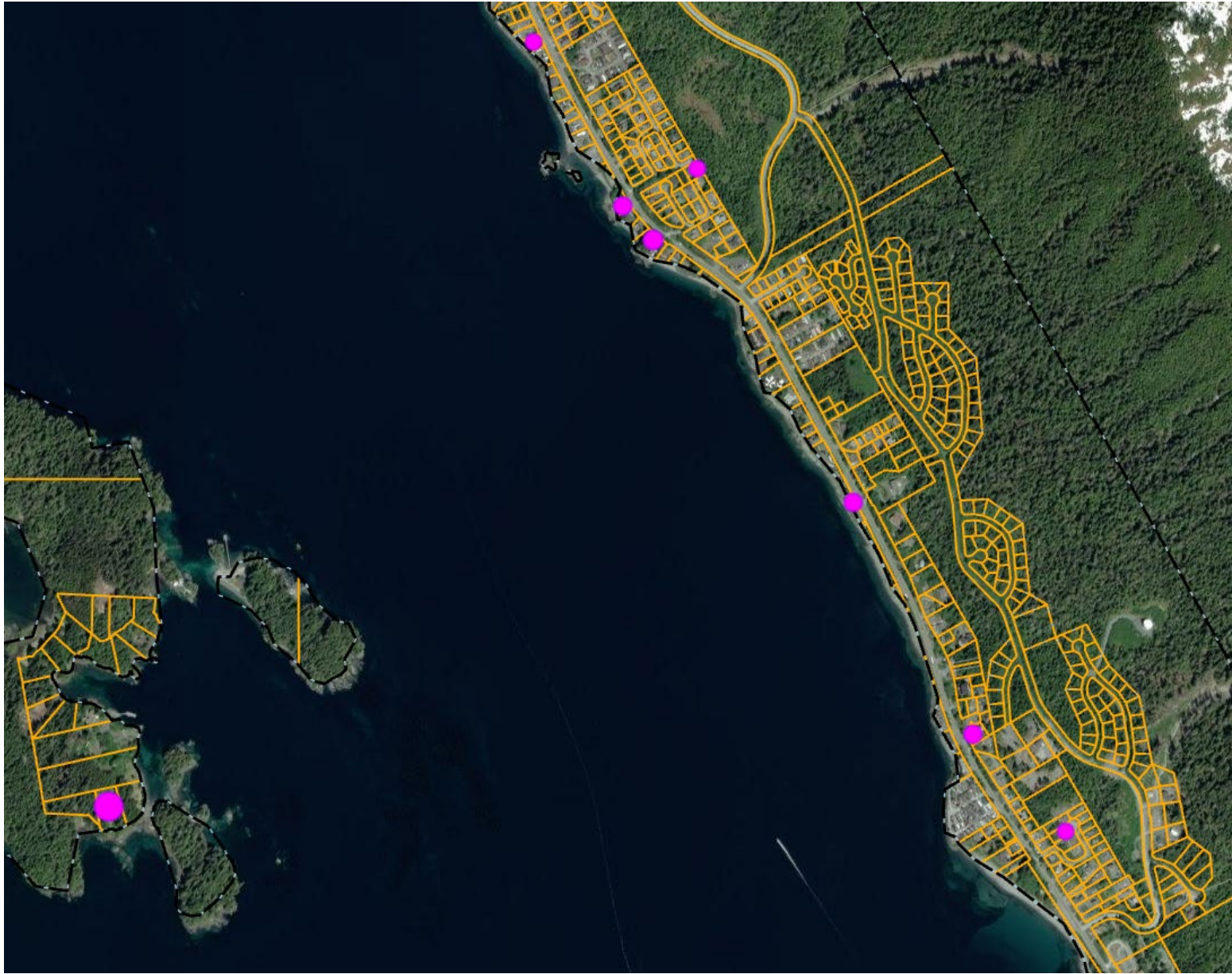




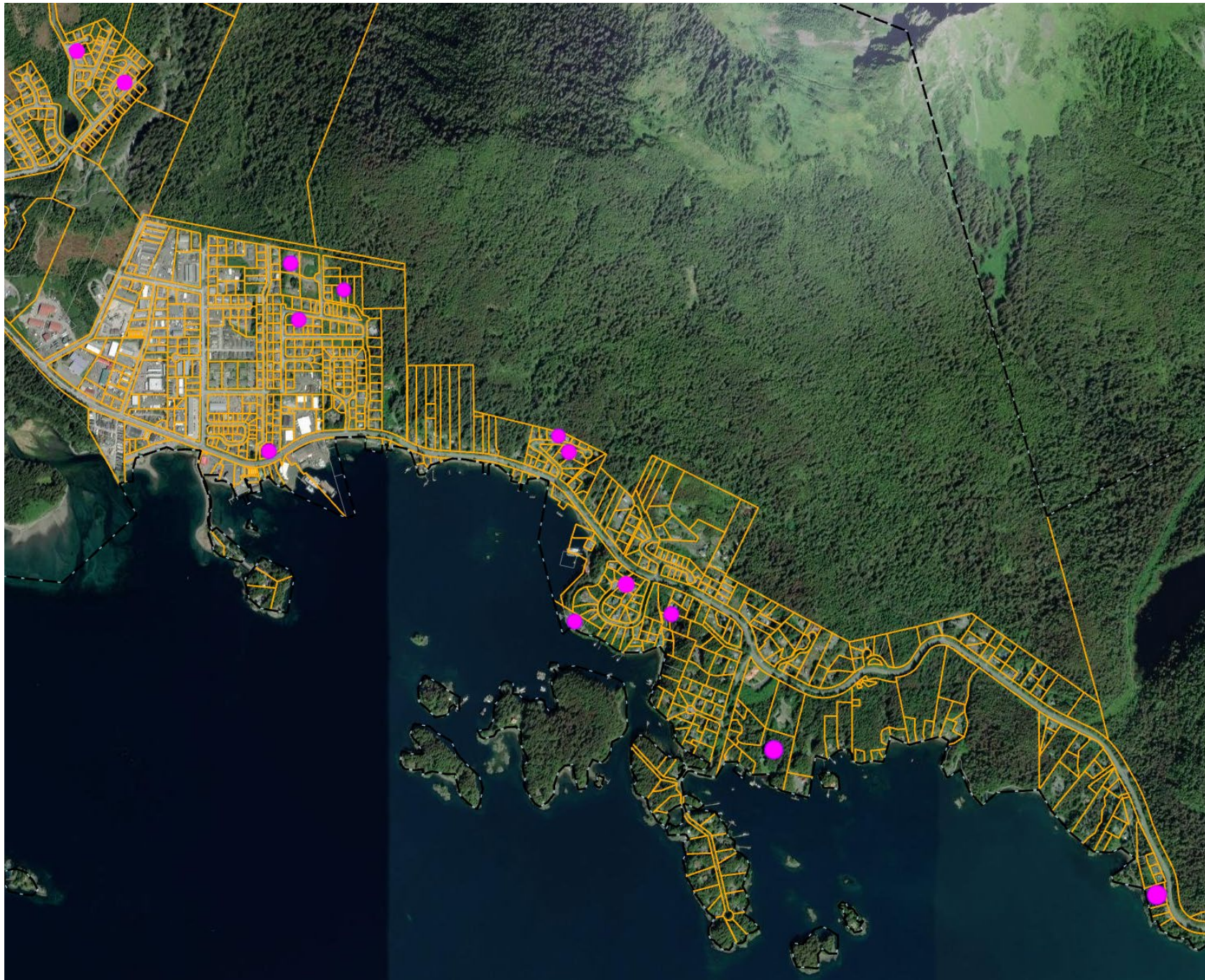
**DOWNTOWN**



# EDGE CUMBE DRIVE & CONNECTORS



HALIBUT POINT ROAD:  
KRAMER AVENUE TO  
HARBOR MOUNTAIN  
&  
KASIANA ISLAND



**SAWMILL  
CREEK ROAD:  
INDIAN RIVER  
TO  
WHALE PARK**