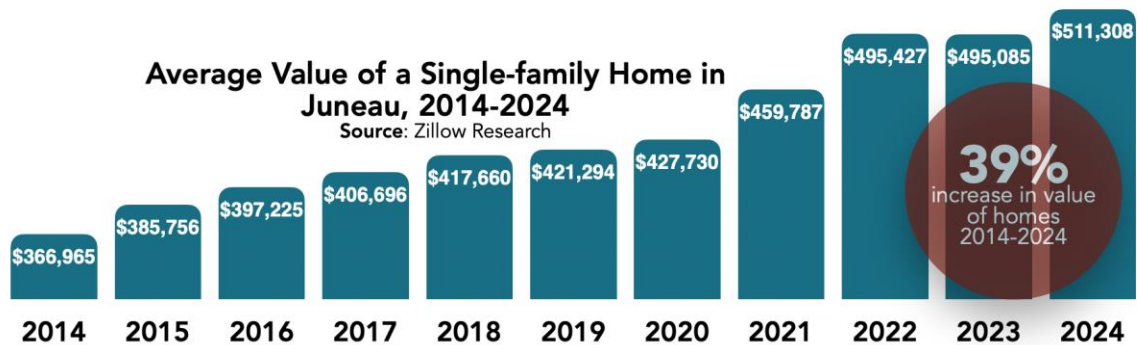


STR Task Force – 7JAN25 Information Requests

The first meeting of the Short Term Rental Task Force was held on January 7, 2025. A number of information requests were made by task force members. This document provides additional information based on those questions. The information provided below includes significant contributions from Task Force member Meilani Schijvens.

Affordability

The graph below shows that the average value of a single-family home in Juneau has grown considerably over the last decade to \$511,308. It is estimated that 27% of Juneau households cannot afford their homes. According to data from the American Community Survey, 35% of renters in Juneau are cost-burdened (paying more than 30% of household income on housing-related costs). Over this same time period (2014-2024) inflation, as defined by all items, Anchorage CPI-U, has increased by 23%.



Long-Term Rental Data

Based on a 2024 survey of more than 1,000 rental units in Juneau by the Alaska Department of Labor, the overall rental vacancy rate was 3.9%. A healthy vacancy rate is considered to be approximately 8%. Two- and three-bedroom homes and four-bedroom apartments have the lowest vacancy rates, at 0%. Four-bedroom rental houses have the highest vacancy rate at 10%. According to the American Community Survey, occupied rental units in Juneau have increased 10% (426 units) since 2017.

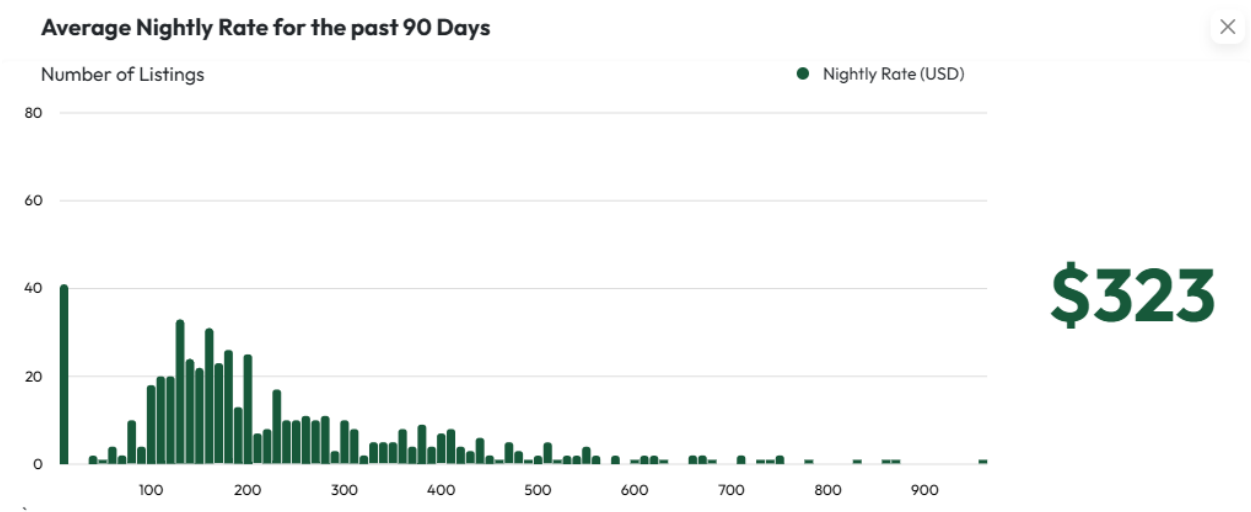
Year	Occupied Rental Units
2023	4,676
2022	4,652
2021	4,556
2020	4,559
2019	4,464

2018	4,507
2017	4,240

STR Rates and Operator Income

The median revenue generated by STR operators in Juneau over the last 12 months is estimated at \$43,000, however, that is the gross revenue before cleaning costs, platform fees, and taxes are paid. For comparison, a nationwide survey of 4,000 STR operators/managers published in 2024 found that 24.2% of STRs did not report turning a profit, and only one in ten reported making more than \$50,000 per year.¹

STR rates in Juneau range from \$52 to \$1,300 per night. Currently, data in CBJ’s Avenu|STR platform shows an average nightly rate of \$323. 2024 data sourced from AIRDNA breaks the average daily rate into categories of budget, economy, midscale, upscale, and luxury with a range of \$106/night on the low end and \$413/night on the high end.



Graph sourced from CBJ’s Avenu|STR platform

Date	Budget	Economy	Midscale	Upscale	Luxury
1/1/24	\$123.21	\$141.48	\$189.72	\$226.86	\$359.82
2/1/24	\$115.86	\$144.09	\$209.16	\$211.26	\$384.88
3/1/24	\$154.48	\$164.36	\$208.68	\$226.22	\$347.23
4/1/24	\$203.24	\$169.95	\$206.46	\$237.17	\$354.46
5/1/24	\$168.63	\$167.84	\$215.35	\$269.45	\$400.25
6/1/24	\$182.15	\$193.56	\$243.75	\$291.66	\$405.05
7/1/24	\$182.75	\$208.32	\$256.78	\$289.87	\$413.76
8/1/24	\$167.80	\$202.75	\$245.80	\$277.18	\$407.20
9/1/24	\$159.32	\$167.95	\$220.83	\$248.31	\$387.41
10/1/24	\$124.53	\$156.21	\$193.78	\$216.00	\$397.25
11/1/24	\$106.05	\$126.62	\$197.00	\$195.14	\$357.28
12/1/24	\$106.33	\$157.31	\$196.46	\$261.01	\$375.65

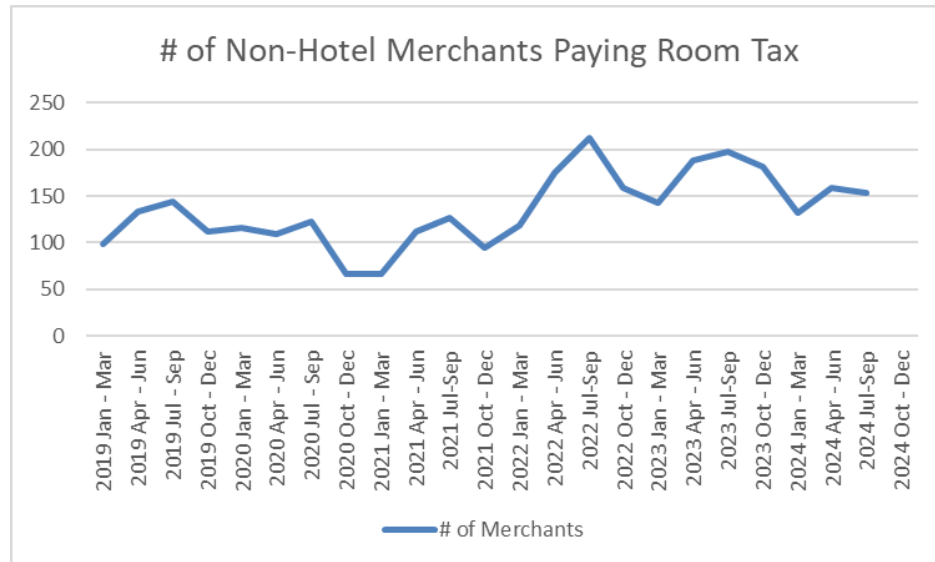
¹ <https://www.rentresponsibly.org/wp-content/uploads/2024/03/State-of-the-STR-Industry-Report-June-2024.pdf>

Table based on data from AIRDNA

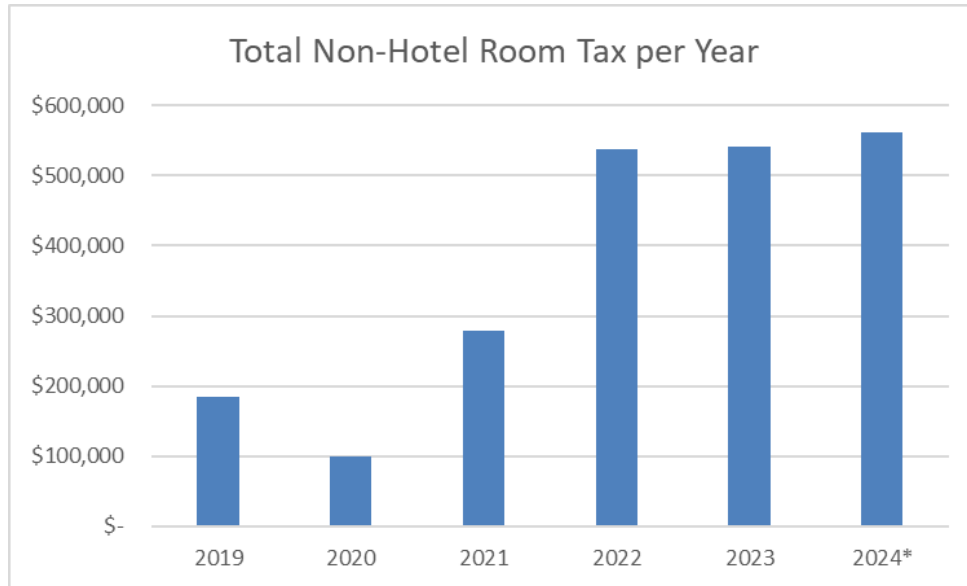
Tax Revenue Generation

STRs generate both sales and room tax dollars for CBJ. For the first three quarters of calendar year 2024, STR-related taxes have generated approximately \$1,024,968 in revenue.

According to CBJ's Finance Department, the peak number of non-hotel merchants paying room tax in a quarter has ranged from 122 to 212. The number of non-hotel room-tax-paying merchants in any given quarter is unlikely to ever match the number of licensed STRs in Juneau because some businesses maintain multiple STR properties, and most licensed STRs don't operate every quarter.

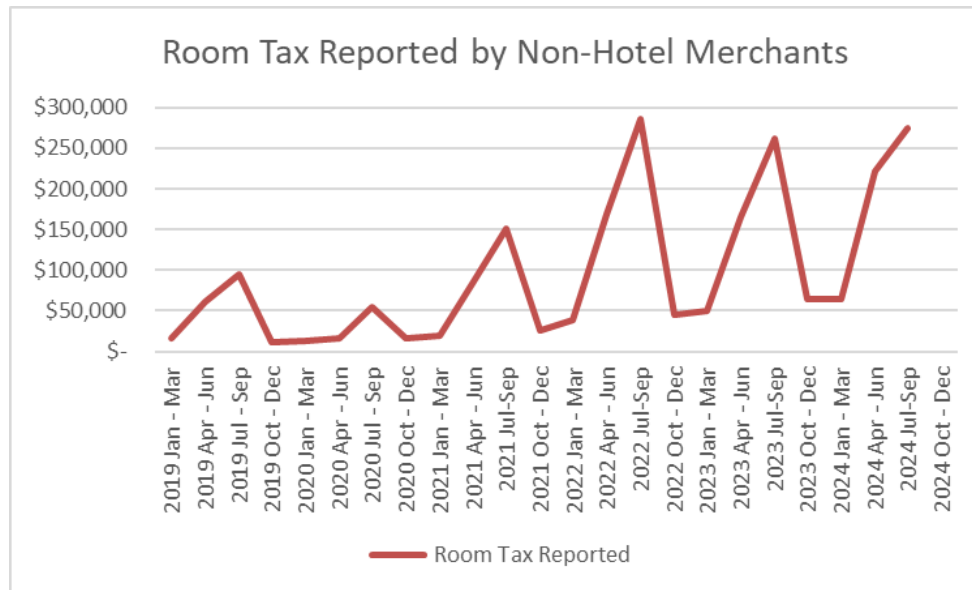


While the number of non-hotel room-tax-reporting merchants has declined since 2022, the room tax generated has not. This can be inferred as less tax-compliant STRs are being operated at a higher cost per stay. Reported non-hotel room tax revenues for the first three quarters of calendar year 2024 (\$561,004) already exceed the full-year total revenues for 2022 (\$538,498) and 2023 (\$541,498) respectively.

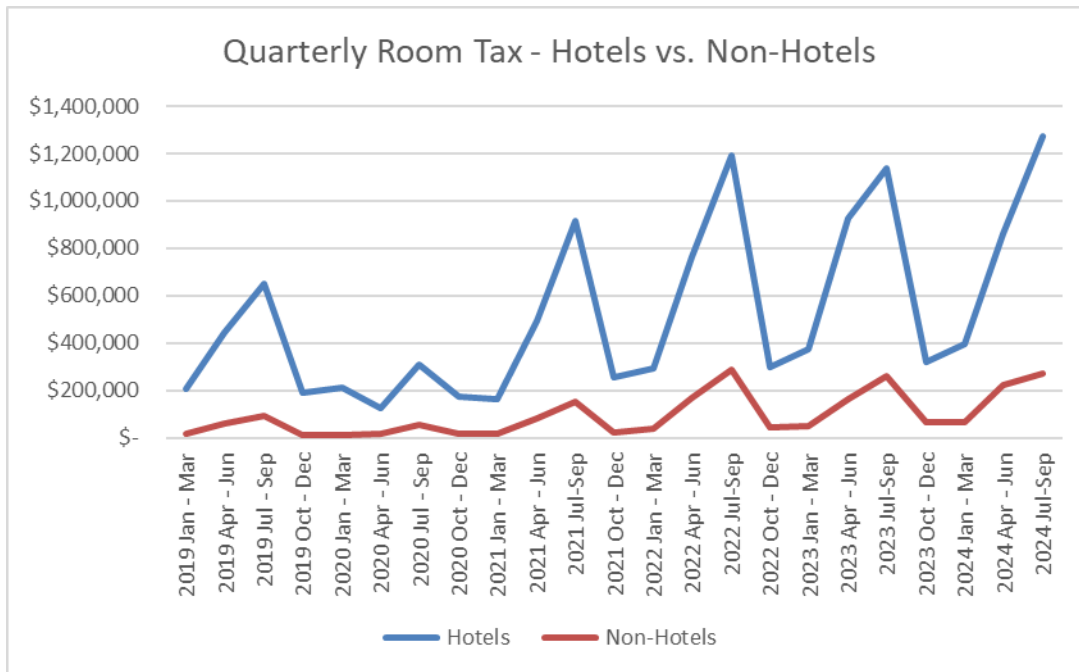


**The last quarter of calendar year 2024 has not yet been reported, data will not be available until mid-February*

The table below shows the quarterly flow of room tax dollars associated with non-hotel businesses. For reference, the room tax rate was 7% through 2019 and then increased to 9% on January 1, 2020. Not unexpectedly, the 3rd quarter of the calendar year (July to September) generates the bulk of the room tax each year averaging approximately 52% of revenues from the period ranging from 2019 through 2023.



When we combine the room tax generated by hotels and non-hotels, the non-hotel share for the period ranging from 2019 to 2024 is approximately 13%. This gives an idea as to the magnitude of difference between the two market segments.



So far in the first three quarters of calendar year 2024, non-hotel merchants account for approximately \$463,964 in sales tax revenue. Not all of that revenue is related to STRs. It is difficult to isolate STR sales tax income because it is not unusual for a single business entity to have multiple sales tax generating ventures.

What we can't adequately quantify at this time is the revenue lost by non-compliance. It's difficult to know how often those not in compliance are operating and how much taxable revenue they're generating in the process.

Enforcement in Other Communities

Enforcement of STR regulations varies widely across communities. Enforcement strategies fall into several categories: communities with no enforcement; those performing limited enforcement within current budget and staffing levels; those leveraging software solutions to enhance limited enforcement capacity; and those that perform enhanced enforcement with additional staff or contracted enforcement services. The primary drivers for enforcement are often tax compliance and nuisance abatement (i.e., parking, noise, “party houses”) while issues of equity, affordable housing, and gentrification are also often raised by local governments.

In Alaska, it appears that STRs are mainly considered a land use/zoning issue with permits and enforcement falling to planning-related departments. It also appears that STR enforcement is mainly an “in-house” activity handled by existing staff. Some communities, like Juneau and the Kenai Peninsula Borough, employ software products to assist with STR compliance monitoring.

Outside of Alaska, more aggressive enforcement programs are often seen in communities with high tourism volumes, high-value homes, affluent populations, and very strict STR regulations. The programs often require large investments in staffing and professional services. For example, in 2023, Riverside County, California included \$1.8M in its budget to create 14 new positions (10 code enforcement, 4 sheriff’s deputies) to improve enforcement of STR regulations.² Santa Barbara, California also budgeted a large amount in 2023 with \$1.175M going towards STR enforcement to address an estimated 1,000-1,500 illegally operating units.³ Desert Hot Springs, California, a community of similar population to Juneau with 415 licensed STRs in June 2023, broke down the costs associated with their enforcement program that used both staff and contracted professional services and reported that their program cost approximately \$747,549 per year to operate (\$592,493 staff time, \$155,056 professional services).⁴ Because of the cost of enforcement, some local governments, like Washington County, Oregon⁵, have chosen not to pursue STR regulations at all.

Regarding the enforcement mechanisms in use, again we see many different tools that increase in severity like “knock and talk” interactions with owners, written warnings/courtesy notices, citations, fines, and litigation. In Alaska, STR fines range from \$25 in Juneau to \$1,000 in Wasilla. Revisiting the Desert Hot Springs example, the City can issue fines ranging from \$1,000 to \$5,000 per violation and they reported \$633,300 in administrative citations had been issued by their enforcement program. Moving to Napa County, California, there are examples of local governments negotiating six-figure settlements with non-compliant STR operators.⁶

² https://supervisorchuckwashington.com/RivCoBOSApproveFY2324Budget?utm_source=chatgpt.com

³ <https://www.independent.com/2023/04/26/santa-barbara-vows-to-take-on-illegal-vacation-rentals/>

⁴ Agenda Item Report: Vacation Rental Update and Recommendations
<https://cityofdhs.civicweb.net/document/25720/>

⁵ <https://www.washingtoncountyor.gov/lut/short-term-rentals>

⁶ <https://www.pressdemocrat.com/article/north-bay/property-owners-to-pay-500000-for-operating-illegal-short-term-rentals-in/>

Number of Citations Issued by Month

The numbers below reflect citations issued by Vacation Rental Compliance Department for Failure to Register, Failure to Post Permit Number, Failure to Respond and Violation at a Vacation Rental Property.

Month	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
January	5	8	23	58	4	5	7	7	43	20
February	0	6	25	45	6	5	12	7	32	26
March	3	28	55	53	15	17	13	5	26	26
April	7	24	42	50	15	9	16	24	39	
May	3	29	21	47	12	10	25	20	30	
June	10	21	35	79	27	43	19	12	34	
July	27	15	37	31	10	48	37	21	45	
August	22	14	65	28	25	64	22	10	48	
September	10	15	51	36	42	36	20	6	47	
October	6	16	23	20	15	15	9	12	19	
November	8	23	24	14	13	12	8	14	37	
December	1	24	36	14	7	2	2	29	26	

Example from Palm Springs, CA showing the volume of STR citations issued each month