

Dear STR Task Force,

I recognize that a few members of the task force that have indicated that they see no need for additional regulation. The stated reasons are summarized below:

- STRs comprise only 1.5-3% of Juneau housing depending which STRs are included in the data. The perception appears to be that this is too small of a percentage to matter.
- The overall population is declining.
- The number of STRs grew in the past but those numbers have stabilized in the last couple years perhaps indicating Juneau has reached market saturation. Growth has slowed, thus STRs will not significantly impact future housing stock.
- There are multiple factors contributing to the housing shortage and given that the conversion of housing into STRs is not the main factor, it's unworthy of focus.
- Enough development is planned in the next 3-5 years to make up for the housing lost to STRs.

Overall Juneau Short Term Rental Numbers Compared to Long Term Rentals

- The AK Department of Labor report indicates Juneau had 4,676 occupied rentals in March of 2023 and a vacancy rate of 3.9%. This means we had 4,858 total rentals.
- Raincoast Data reported that we have 13,972 total dwellings of which 35% are rentals, indicating a total of 4,657 rentals.
- Raincoast Data's report indicates Juneau had 371 STR listings in August of 2023 with 88% being entire dwelling units. CBJ reported 436 registered STR's in 2024 with 82% being entire dwelling units. CBJ reported half of the STR's did not have an owner or operator living on site.
- These STR numbers are lower than the actual. As our started packet says "Current data (November 27, 2024) shows 335 active rentals in Juneau... Of the 335 active rentals, slightly more than half are registered with CBJ as STRs (51.6%)".
- An 8% vacancy rate represents a healthy rental market.

Raincoast Data	% of overall Rent units (4858 units)
Entire Dwelling Unit (326 units or 88% of all STR's)	6.7%
No owner or operator living on site (185 units)	3.8%
CBJ	
Entire dwelling unit (384 units or 82% of all STR's)	7.9%
No owner or operator living on site (218 units)	4.4%

Based on these numbers, if all the "No owner or operator on site" units were turned into long term rentals Juneau could approach or surpass the desired 8% vacancy rate in March. Of course, it's unrealistic to think that everyone would turn their investment property into a long term rental. Juneau seems to average 1/3 of housing as rentals. If 1/3 of the "no owner or operator on site" homes were turned into long term rentals this would still lead to a 1-1.5% change in our vacancy rate. When trying to move the needle 4 percentage points, 1-1.5% is significant.

Juneau population

The JEDC report says the Juneau population increased by 900 people between 2010-2020. Rainforest Data reported that our population decreased by 400 between 2014-2024. Overall, population growth or decline since 2010 has been negligible.

Increase in STR numbers has slowed & has the market has reached saturation

It is beneficial that the CBJ implemented a registration system to track STRs in Juneau. The CBJ registration system combined with data from the STR host platforms is the only way to track what is truly happening in the industry. Unfortunately the CBJ system is too early in it's data collection process to accurately define trends. Private industry often tends to be more nimble in recognizing trends than government and those in the industry point out that the STR numbers have remained largely static in the last two - three years. Perhaps this is due to market saturation or perhaps other factors are in play. For instance, in March of 2022 interest rates began to increase, slowing the housing market nationwide. Based on the cruise ship industry numbers the desire to tour SE Alaska only increases each year as tourism worldwide is up.

Reasons for lack of housing

Historically Juneau has suffered a chronic lack of housing coupled with affordability issues. Demographic changes & STR's exacerbate this chronic condition. Housing is the cornerstone of local economic growth. It is worthwhile to invest time & energy into creating and maintaining long term housing availability given that lack of housing hobbles every other industry in Juneau. STRs are not the only problem but they are a contributor. A multi-pronged problem requires a multi-pronged solution. STR's yield a positive economic impact for their owners but the benefits to the community are seriously outweighed when compared to positives gained by facilitating housing for long term residents.

New construction will fix the housing problem

The Rainforest Data report says we have 367 new dwelling units planned within the next 5 years. These, coupled with other smaller projects appear to have Juneau on target for our historical average of 100 new dwelling units per year. If 35% of new construction becomes long term rentals and the population remains unchanged, it will take 5-6 years for new construction to increase the rental vacancy rate to 8%. If new construction residential construction is used for STR instead of long term rentals the timeline will be extended.

For example: It is my understanding that, during the entire time this task force has been meeting, between 9-12 units in the new Ridgeview development have been listed on Air B&B as short term rentals. CBJ gave a low interest loan to the development company since, in theory, they were building much needed community housing. When phase one was completed it drew criticism for yielding high rental rates & per unit sale prices. With the ability to use the units as STR's during the tourist season there is little incentive for rental agencies to alter prices so that the units sell or are rented long term. So far this residential development is not providing residential housing.

Written Public Input Statistics

I categorized the public input we were given last meeting.

70 responses total

- 3 - Repeats (responded more than once)
- 23 - No Regulation (12 respondents indicating they owned STRs)
- 5 - Very Limited Regulation (don't want regulation to damage the STR industry, 1 STR owner)
- 37 - Regulate (1 STR Owner)
- 2 - Unclear
- 2 - Unclear but appearing to lean toward regulation

My Opinions of Regulation Options

The assembly's charge to us specifically states we are to:

- Review regulatory options, expressly focused on those regulations proposed to improve housing availability and affordability for long term uses.
- Create a matrix that evaluates and recommends various regulatory actions for STRs to improve housing availability in Juneau.

We are not charged with deciding if STR regulation is necessary or to preserve the industry as it currently operates.

Permit / License Requirements

I support CBJ's current permit requirements.

Moving forward I would like to see:

- Questions specifically addressing trash disposal, fire alarms & egress added to the permit application. It could be as easy as a check box. STR's in which the owner or operator does not live on site run a high chance of people failing to understand how to dispose of garbage properly or communicating if the battery in a fire alarm has gone bad.
- Simplification of the permitting process for B&B / boarding houses. Currently the permit is geared toward new construction. The permit requires substantial outputs of time, energy & cost to the operator and CBJ. It is similar to the process Wasilla originally had in place. In that instance, the public did not utilize it because people preferred to risk paying the \$1000 fine instead of going through the permitting process. The CBJ permit department has indicated they really only care about parking. I propose that the permit requirements be reduced to a site plan delineating parking and an administrative approval. This means the approval happens through permit department staff instead of a conditional use permit which involves the planning commission.

Zoning Restrictions

A policy should affect all properties that are zoned residential or were permitted to be residential (regardless of zoning). If there is an exception it should be RR - Rural Reserve. There are very few RR lots & all of them are outside of the Juneau road system & do not impact residential housing.

Neighborhood / Building Restrictions

This is a poor option due to the complexity of figuring out the "fair" number per geographic area or building. This option is staff intensive to create & monitor.

Density Limits

This option is also inadvisable for the same reasons as the "neighborhood / building restrictions".

STR Ban

A total ban is overkill, as STR's are a community positive when balanced with long term residential housing needs.

Cap on Number of STR Units

It is important to maintain people's ability to rent all or part of the home they live in as their primary dwelling. A numbers cap will be quickly filled & many of these people will be renting their 2nd or 3rd homes. A lottery would provide the ability for new or intermittent STR renters to utilize the STR market but it makes it difficult for homeowners to plan. A lottery takes more effort for staff to operate. A total number cap for all STR's is inadvisable since it runs a high risk of negatively impacting a resident's ability to afford their primary dwelling.

Cap on STR Days

The duration of our tourist season already does this since most STR's have the highest occupancy during the summer. Unless the cap is extremely restrictive (30 days or less per STR) it will not increase residential housing in Juneau.

Minimum Rental Periods

Also inadvisable due to challenges with enforcement. This option does not create more long term housing unless the minimum rental period is over 30 days.

Maximum Number of STR Permits per Person, Household or Entity Owner

This option feels "fair" since everyone has a chance to operate a controlled number of STR's. This keeps larger entities from operating a substantial number. This option would not do much to slow the creation of new STRs or provide a large increase of rentals since somewhere between 82-88% of STR operators only have 1 STR. This is especially true if it's a per person vs per household limit. A per person limit would allow a husband and wife to operate different STR's. The ability to also have a business entity register an STR is another loophole. In theory Mr. & Mrs. Smith could each operate their limit of STR's as individuals & also have STR's registered under Smith Inc. and Smith Corp (business licenses in Alaska are easily and inexpensively attained).

To successfully use this option time & energy would need to be placed up front to prevent work arounds/loopholes at the CBJ application level. Monitoring would be required to make sure that the address used on the online host platforms, match the address used for the CBJ's registration.

This is a supportable option once CBJ has achieved an 8% rental vacancy rate.

Owner or Operator Occupancy or Resident Requirements

This option would supply Juneau with the greatest number of long term housing units while still providing STRs for the tourism sector. If no grandfathering of current STRs is provided it would cause a temporary reduction in STRs as it would limit how many apartments could be used and some stand alone homes would need to build ADU's in order to meet the operator occupancy requirements.

This is a feasible option for the city to monitor. Owner & operator resident addresses can be checked against a pfd application, tax return, voter registration, drivers license, US mail or a lease / rental agreement. CBJ staff would still need to be able to verify that the registered property is the same address & rental type (room vs dwelling) that is rented through the online host site.

I support the STR of rooms and / or 1 dwelling unit on a property parcel in which the property owner, STR operator or long term resident lives and maintains as their primary residence. A long term rental could be seasonal or year round. This option maintains residential property for Juneau long term resident needs. As stated earlier, if every STR that is currently not the primary residence of the owner or operator has a long term rental & the population does not substantially grow, CBJ would achieve the desired 8% rental vacancy rate.

This option coupled with with temporary grandfathering is the best option while CBJ is below an 8% occupancy rate. Once the 8% rental vacancy rate is met for 3 years in a row the residency requirement could be suspended allowing a STR owner to rent up to 3 dwelling units on a total of 2 properties. If the occupancy rate then drops below 6.5% for 3 years in a row, residency requirements could be reinstated until the vacancy rate improves. I support the assembly in adding affordability criteria before suspending the resident requirement.

Alaska or Juneau Residency Requirements

May not be legal, however, the "owner, operator or resident requirement" defaults into this since anyone operating an STR in Juneau would need to be a long term resident or have a long term resident living on site.

Grandfathering of Existing Units

I believe in the a 2-3 year grandfathering of 1 dwelling unit per current owner or operator that is not the primary residence of the owner or operator. This would give roughly 90% of current STR operators plenty of time to adjust to new regulations & ensures minimal short term impact on the industry. I would also support the grandfathering be extended if pre-selected criteria on long term rental vacancy rates are met. Once the assembly sets the criteria the extensions can be done at CBJ's administrative level.

For Example: Every 2 years grandfathering is extended for an additional 2 years as long as the long term vacancy rate keeps increasing by at least 1% during the same time interval. This timeline gives 8 years for the rental vacancy rate to reach 8%.

Data Sharing with Platforms

Regardless of regulations adopted it is advisable to get the following information straight from the internet host platforms for each property rented.

- Registered owner or operator
- Address of property,
- CBJ registration number
- Type of rental (dwelling unit or room)
- number of nights rented each quarter
- rental fee per night

If regulations are adopted to regulate location, occupancy, or number of units per operator then it will be necessary for CBJ to monitor STR's in order to ensure the regulations are followed. The most important thing is to make sure that the address & type of rental that is registered with CBJ matches what is advertised on the host site. CBJ staff cannot be expected to examine 3rd party sites in order to compare them. It is best to get this information straight from the host site. CBJ needs this info to be easily accessible & downloadable into their own database so they can compare data points. Number of nights rented and rental fee per night would be helpful for overall demographic information along with tax audits.

Penalties for Non-Compliance

I would suggest starting with a fine for non-compliance which increases with each infraction. After 3 infractions suspend the host permit and both the host and the properties ability to get a CBJ STR registration number for 5 years or until the property is sold.

I would add that if JPD has written a warning or ticket to an STR for noise or garbage issues 3 times or more, it would also constitute an infraction for which the STR operator may be fined or lose their CBJ STR registration. While not the main objective for regulating STR's it would provide for some legal recourse to any nuisance properties that may develop.

Thank you for your time,
Patty Collins