



Cost-effective solutions to Maui County's short-term rental monitoring and compliance problems

April, 2017

RECEIVED AT BF MEETING ON 4-20-17
Submitted by Councilmember Cochran

Agenda

- Introductions
- U.S. and Maui County Specific Market Context
- The Host Compliance Solution
- Discussion and Next Steps

Introductions:



- Silicon Valley based technology company
- Only provider of short-term rental compliance monitoring technology for local governments
- Team of seasoned local government technology executives and data-scientists



Ulrik Binzer
Founder & CEO

- Former COO of 2 VC backed companies
- Prior military officer and graduate of Harvard Business School
- Launched Host Compliance when asked by local town council to study possible ways to address its short-term rental compliance issues



- 17 years of local government software expertise
- Customer base of over 500 cities and public agencies across the United States and Canada.
- 100% focused on Local Government

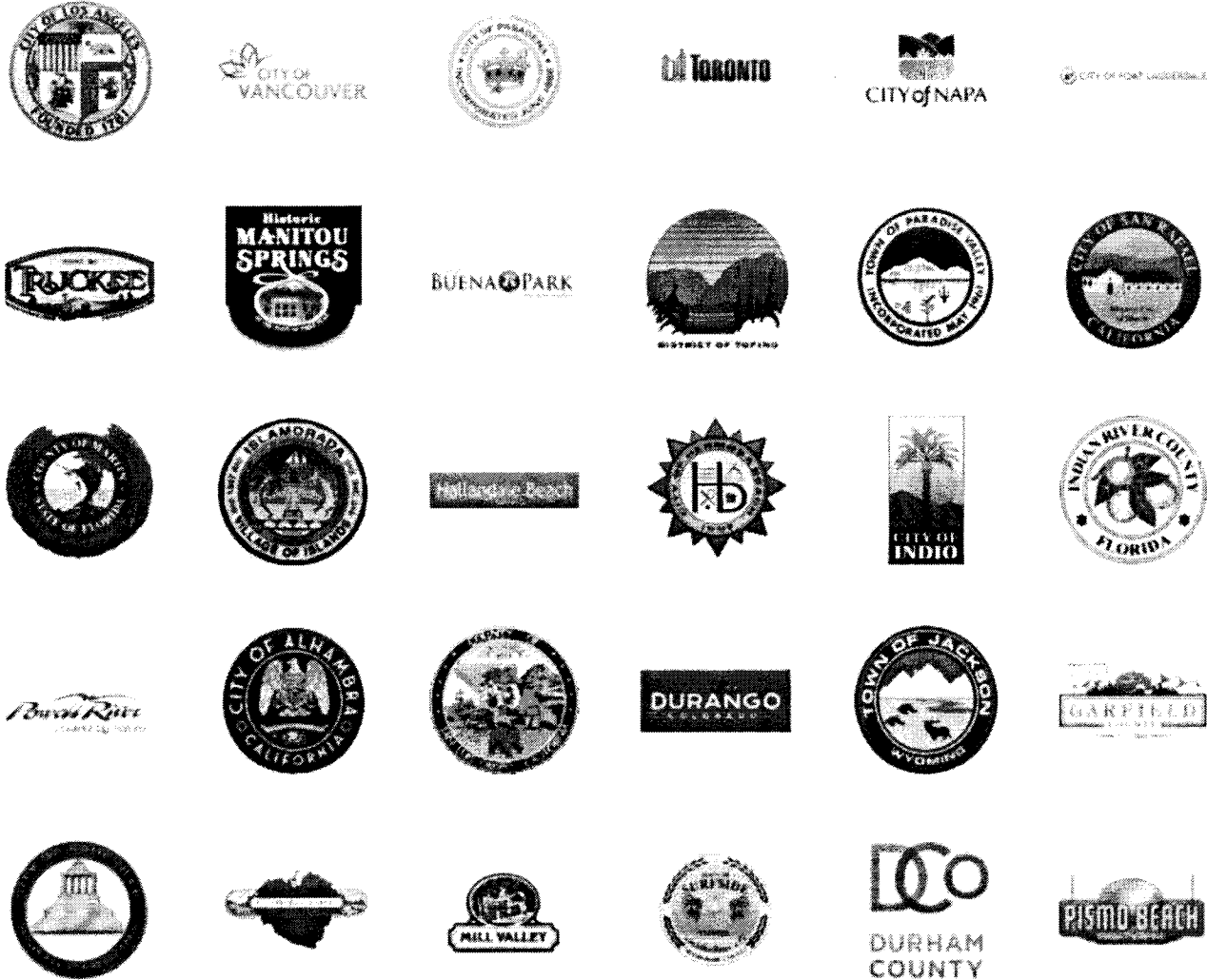


Paul Hetherington
Chief Commercial Officer

- Working with Local Government for over 20 years
- Love of technology and efficiency
- Focused on solutions with dramatic impact.
- Dad, Triathlete and graduate of British Columbia Institute of Technology



More than 50 leading cities and counties are looking to Host Compliance for guidance, data and solutions to their short-term rental challenges



Check <https://hostcompliance.com/clients/> for updates

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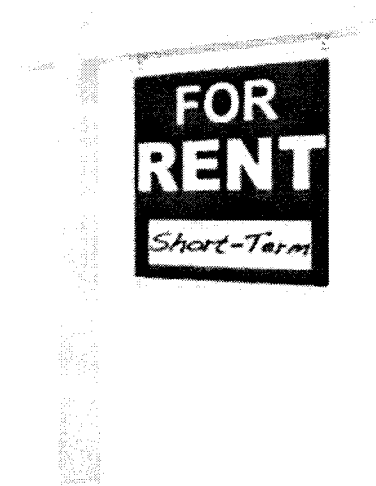
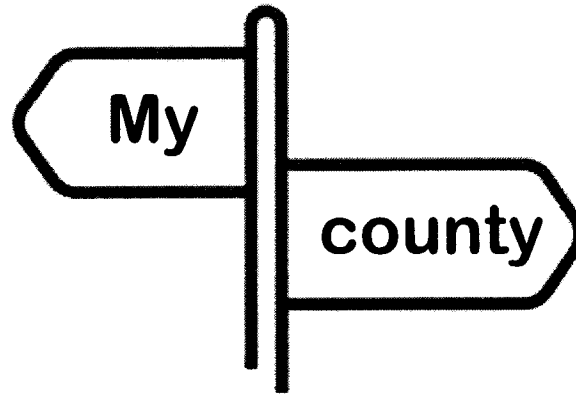
Maui's Regulatory Context (1 of 2)

- The rules regarding vacation rentals vary widely by area, type of use and permit status:
 - **Vacation rentals legal without permits in:**
 - Hotel districts
 - Apartments located in apartment districts, where the property was constructed, and short term rental use was taking place, prior to 1989
 - **STRHs & B&Bs legal with permits in other areas if certain criteria are met:**
 - Property is owned by the operator
 - A manager is assigned
 - Taxes are paid
 - Neighbors are notified
 - Safety, building and fire code standards are met
 - Use is compatible with neighborhood character
 - A minimum fee of \$650 is paid
 - Other technical requirements are met

Maui's Regulatory Context (2 of 2)

- **~16,000 units (apartments and single family homes) are currently allowed to operate as vacation rentals in Maui**
- **~10,000 units are currently paying property tax consistent with being a STRH or B&B**
 - ~9,500 units in hotel and apartment zoned areas
 - ~120 bed and breakfasts representing ~365 unique units (some whole houses and some cottages and some studios)
 - ~161 permitted short term rental properties representing ~200 unique units
- **Compliance monitoring and enforcement has been difficult due to:**
 - The scale of the vacation rental phenomena
 - The lack of tools for cost-effectively acquiring the rental activity data
 - Good digital maps

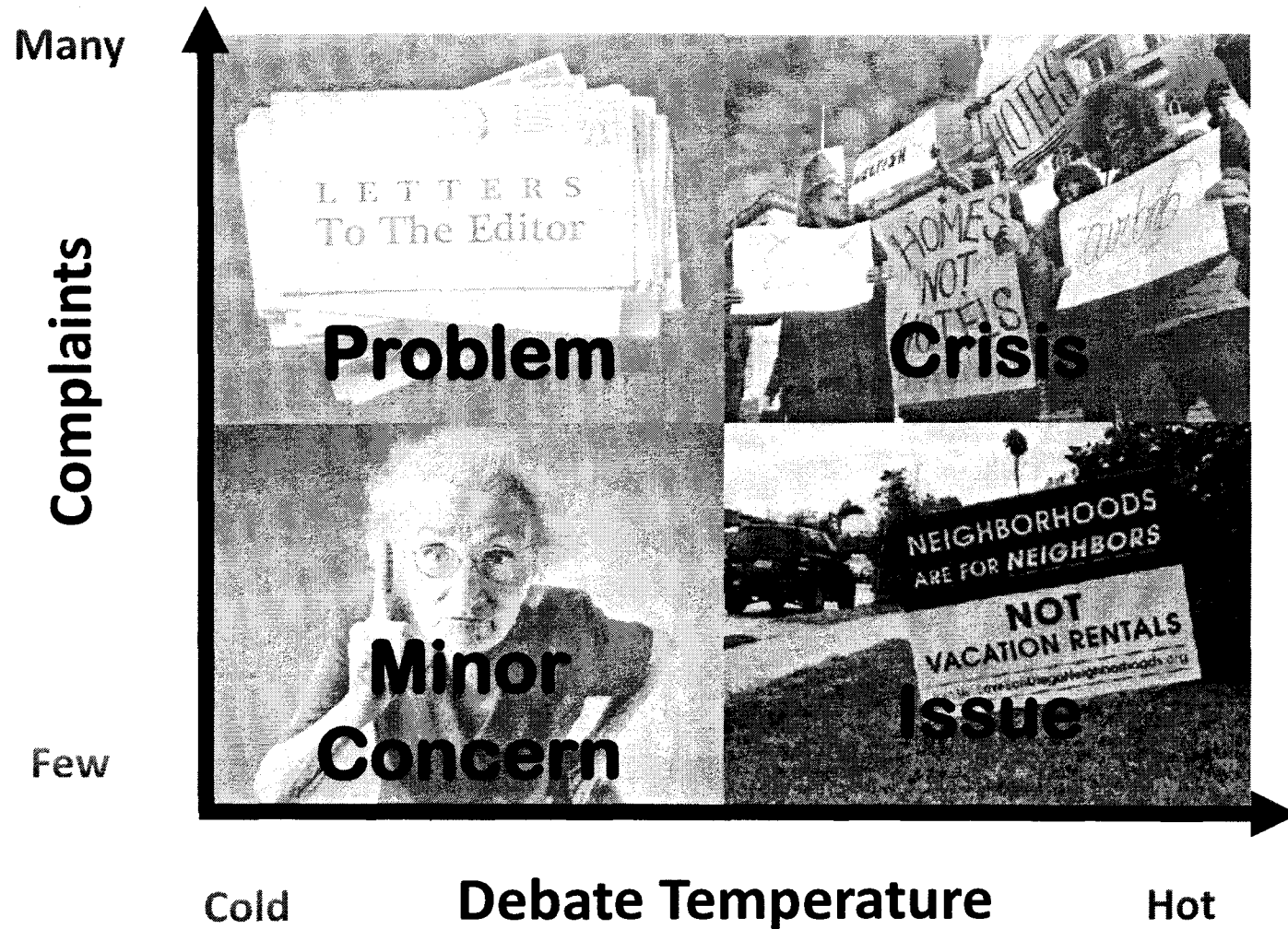
Tell us a bit about you, Maui County, and the current status of short-term rentals in the County



What are Maui County's most important goals as it relates to short-term rentals?

- ✓ Reduce noise, parking, traffic and trash-problems
- ✓ Eliminate party houses
- ✓ Reduce STR's impact on neighborhood character
- ✓ Ensure building safety
- ✓ Improve county's responsiveness to neighbor complaints
- ✓ Stem STR's negative impact on affordable housing availability
- ✓ Improve permit and tax compliance to increase tax revenue
- ✓ Ensure a level playing field between law abiding traditional lodging providers and illegal short-term rentals
- ✓ Reduce tension between short-term rental property owners and their neighbors
- ✓ Send a clear message to citizens that the county takes the STR problems seriously
- ✓ Other?

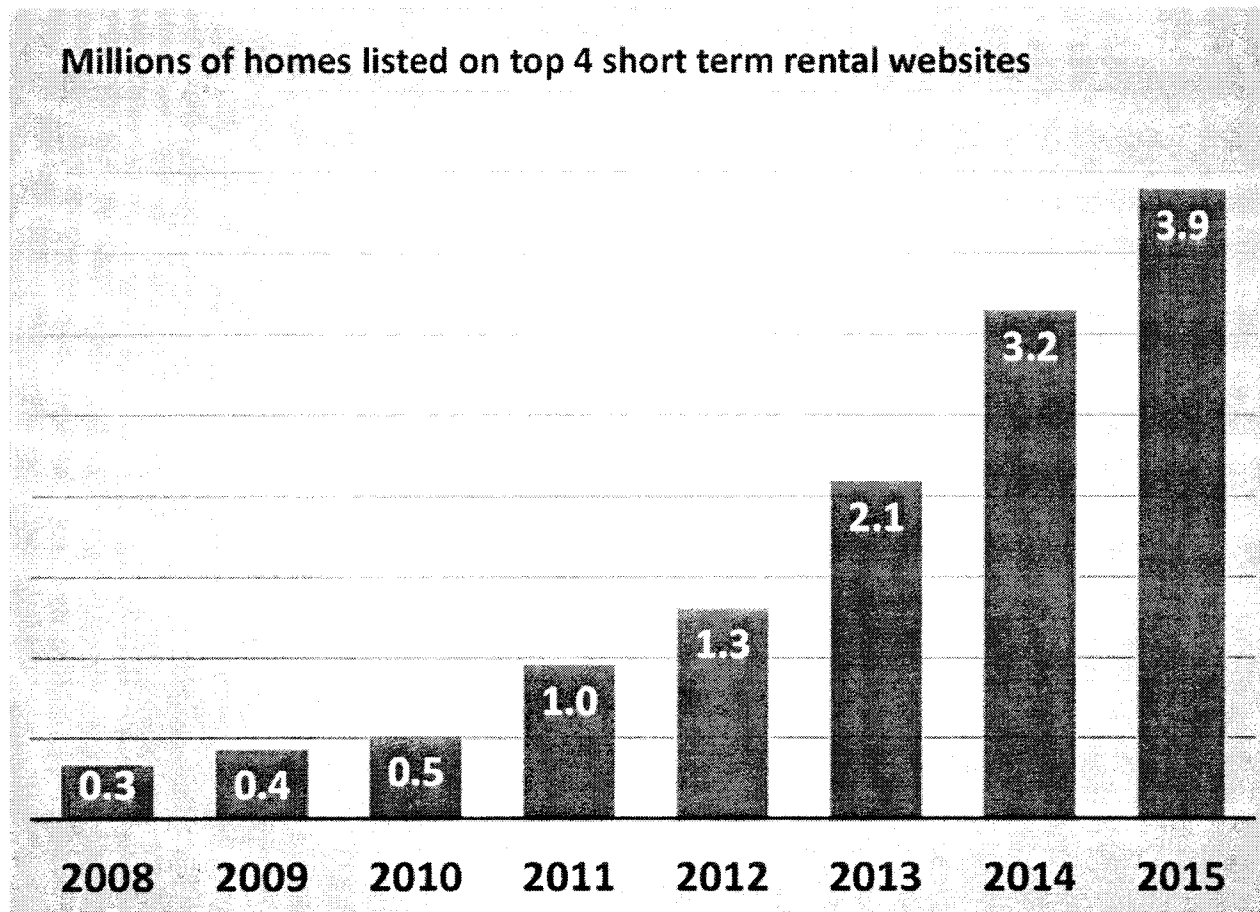
How big of a problem are short-term rentals in Maui County?



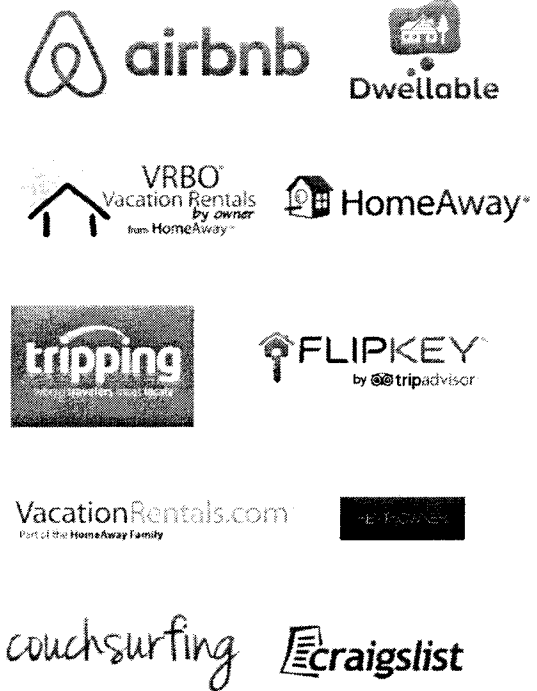
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Market Context: AirBnb, VRBO and 100's of other vacation rental websites have turned vacation rentals into a booming underground economy...



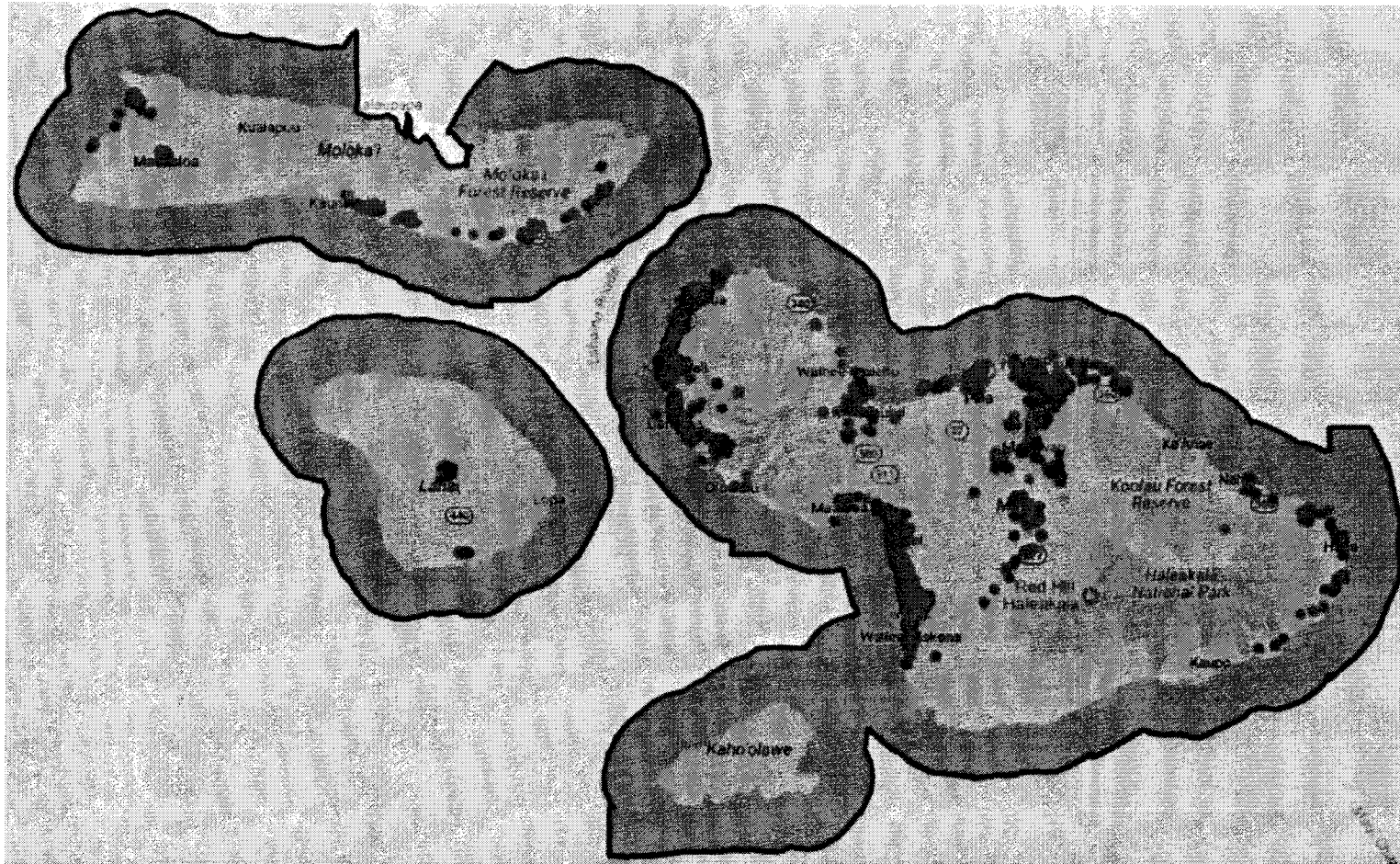
Sources: AirBnB, HomeAway, VRBO and Flipkey



100+ other web platforms

....and within or near the borders of Maui County we have identified 16,046 listings and 10,615 unique short-term rental properties

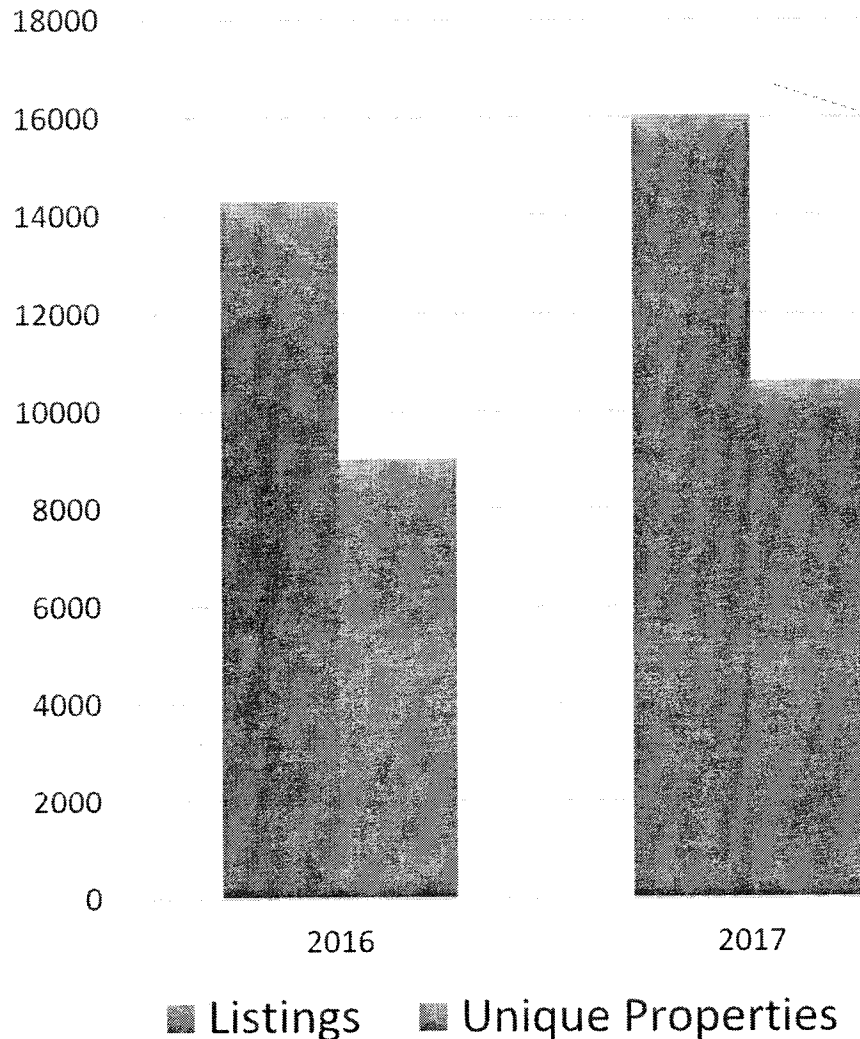
Short-term rentals in Maui County as of April, 2017



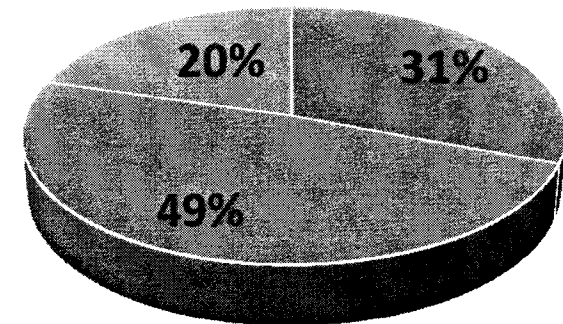
Sources: Host Compliance proprietary data

Maui County Data Details

22% Annualized Growth!



Sources: Host Compliance proprietary data



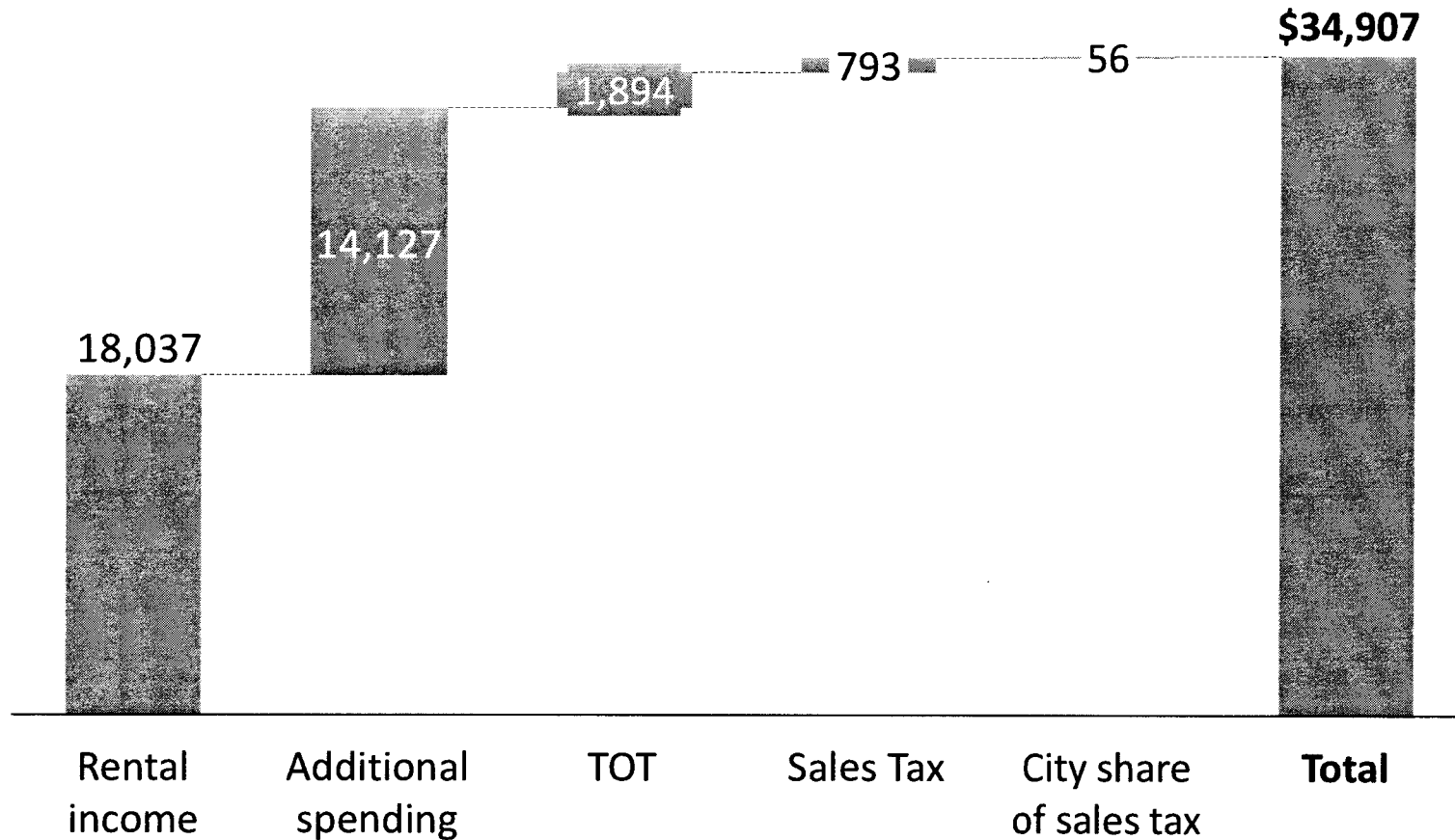
Break down of short-term rentals by jurisdiction

	Listings (within)	Uniques (within)
Hana	118	79
Kihue	8,130	4,981
Lanai	27	25
Molokai	374	296
Kahoolawe	0	0
West Maui	6,685	4,629
Paia-Haiku	432	355
Wailuku-Kahului	110	100
Makawao-Pukalani-Kula	166	149
Total County	16,046	10,615

Sources: Host Compliance proprietary data

The Good: Short-term rentals can drive significant economic growth..

Estimated Annual Economic Impact per STR in the City of San Diego



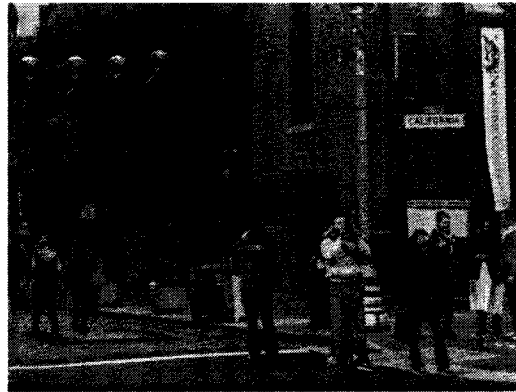
Source: National University System Institute for Policy Research (October 2015)

The Bad: Short-term rentals can displace long-term tenants, alter the neighborhood character and raise legitimate parking, noise, safety, trash and fairness concerns

Conversion of long-term rentals into STRs can affect housing availability



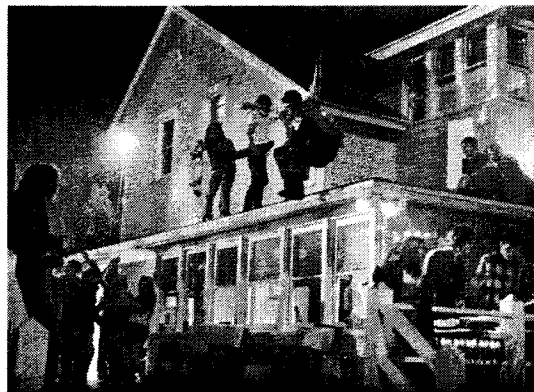
Increased tourism can change the neighborhood character



Visitors don't always know (or follow) local rules



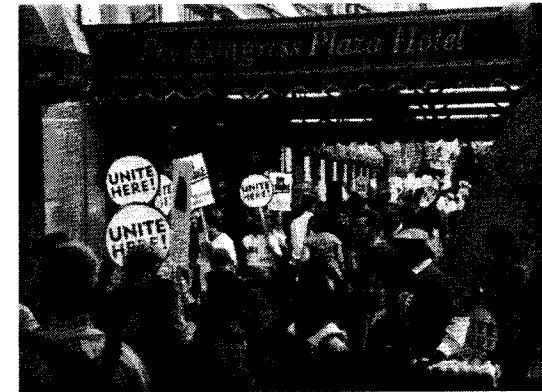
Short-term renters may not care about keeping good neighborly relations



Increased occupancy can have negative trash related side-effects



Unfair competition from VRBOs can cause conflicts and hotel job losses



In some communities short-term rentals have caused significant neighborhood tension



Emmy Jodoin

"It is loud, and there is live music and karaoke stuff, and it's all done outside because of the pool. They're out in front at 4 in the afternoon waiting for their Uber to come, drunk on the front lawn."

"We did not buy our house to be living next to a hotel. Would you buy a home if you knew a hotel like this was operating next door, if you wanted to set your life up and raise a family?"



Jessica C. Neufeld

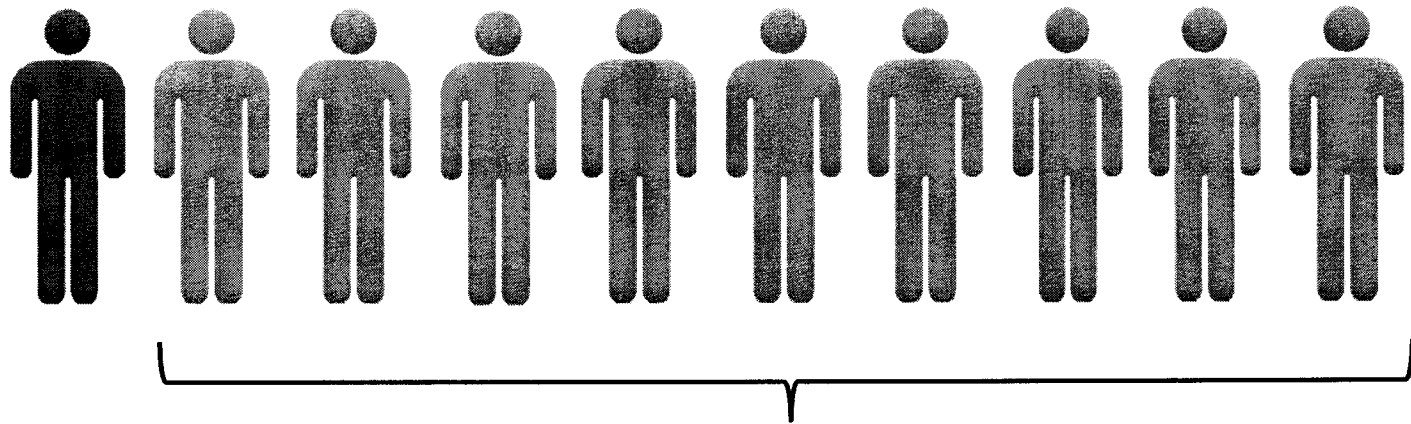


Hazel Old, age 11

"Sometimes, when they are outside, they're playing beer pong just wearing their underwear"

Without proper enforcement, only a fraction of short-term rentals will get registered and pay their fair share of taxes

IN GENERAL LESS THAN 10% OF STR OWNERS VOLUNTARILY GET A PERMIT AND PAY ALL OF THEIR HOTEL TAXES



Large potential for increasing permit fee and tax collection

Unfortunately manual compliance monitoring and enforcement is ineffective and prohibitively expensive

- ✓ Rental property listings are spread across 100s of different websites
- ✓ Manually monitoring 100s of properties is practically impossible as listings are constantly added, changed or removed
- ✓ Address data is hidden from listings making it time-consuming or impossible to locate the exact properties and identify owners
- ✓ It is practically impossible to collect taxes as there is no easy way to find out how often the properties are rented and for how much
- ✓ The vacation rental platforms refuse to provide the detailed data necessary for enforcing local ordinances
- ✓ Manual compliance monitoring and complaint-based enforcement often leads to claims of selective enforcement

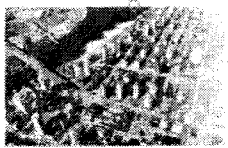
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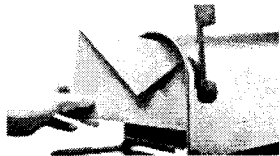
Ways we can help



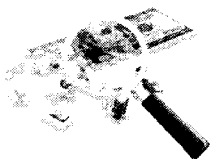
Mobile Enabled Permitting and Registration: Mobile/web forms and back-end systems for streamlining Maui County's permitting and registration processes and capturing payments, signatures and required documents



Address Identification: Online dashboard with complete address information and screenshots of all identifiable STRs in Maui County's jurisdiction



Compliance Monitoring: Ongoing monitoring of STRs for zoning and permit compliance coupled with systematic outreach to illegal short-term rental operators (using Maui County's form letters)



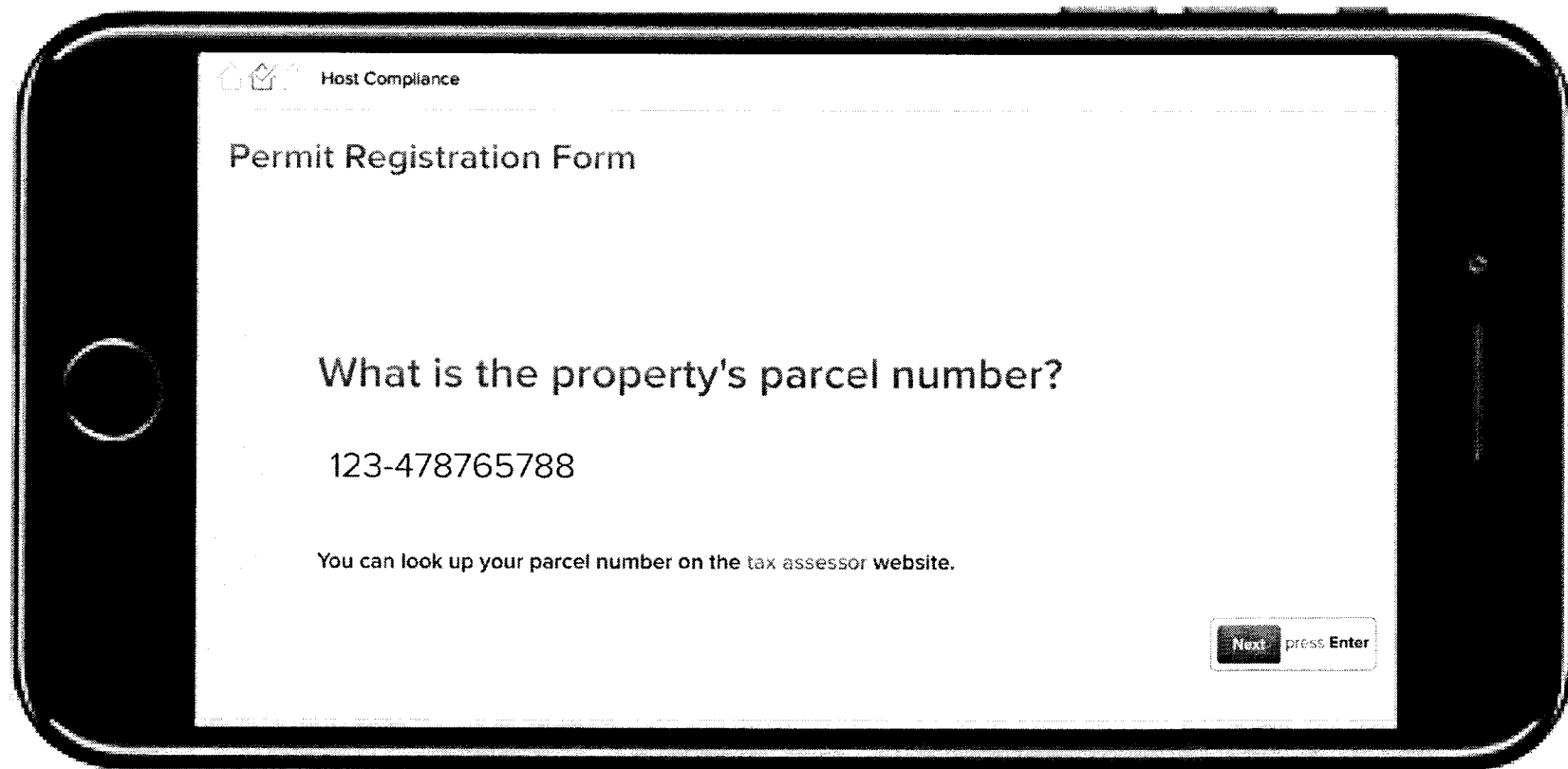
Rental Activity Monitoring and Tax Collection Support: Ongoing monitoring of Maui County's STR listings for signs of rental activity. Enables data-informed tax compliance monitoring and other enforcement practices that require knowledge of STR activity level



Dedicated Hotline: 24/7 staffed telephone hotline for neighbors to report non-emergency STR problems



Mobile Enabled Permitting and Registration: Simplify Maui County's registration/permitting process and significantly reduce the administrative costs on the back-end



Host Compliance

Permit Registration Form

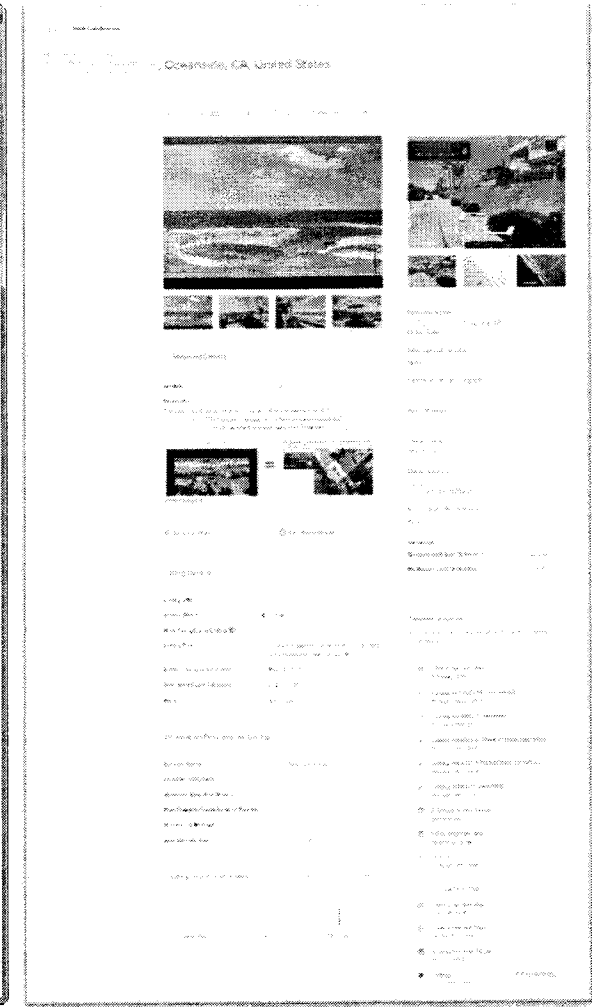
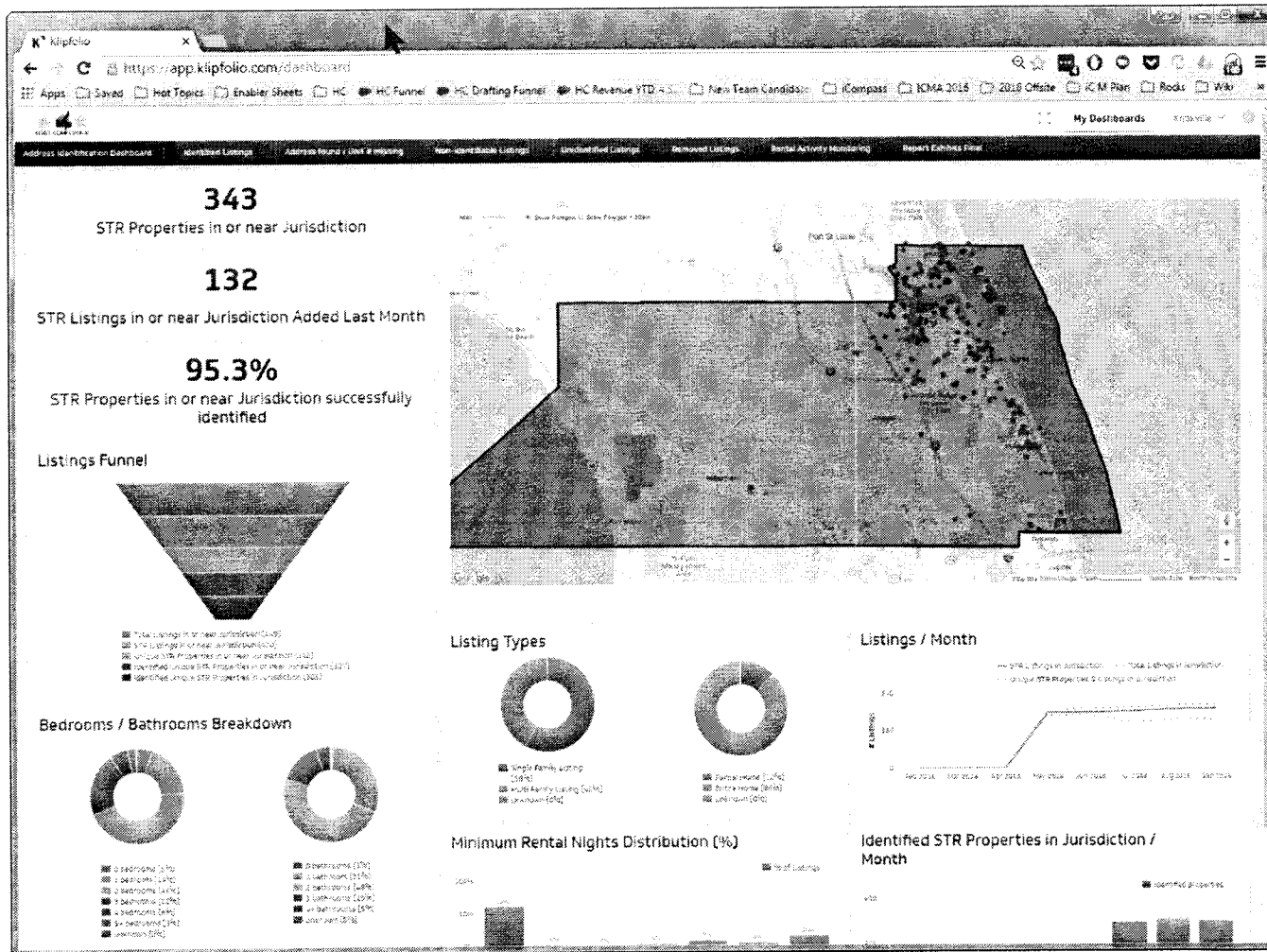
What is the property's parcel number?

123-478765788

You can look up your parcel number on the tax assessor website.

Next press Enter

Address Identification: Get weekly reports on Maui County's short-term rental activity incl. complete address information and screenshots of all identifiable STRs



Parcel Number	Host Compliance Listing ID	Meets STR Definition	Listing's First Activity Date	Listing Site	Listing Title	Listing URL	Identified Address	Identified Unit Number	Identified Jurisdiction	Owner Name	Owner Address	Listing's Minimum Nights Required	Listing Room Type	Match Validation Page	Short-term Rental Permit Number	Short-term Rental Policy
34384...	fli2129...	true	Sep 08, 2016	fli	NEW! Lovely 2BR Hobe Sound House w/Priv... Porch!	https://... sound-vacatio... rentals...	7063 South... Bluebird Circle, Hobe Sound, FL, United States		Uninco... Martin County	KIEFER ERIC C	2801 SAGEM... AVE, PITTSB... PA 15226		Entire home/a...	Validat... URL		
26394...	fli4817...	true	Sep 08, 2016	fli	Tropical Home with heated pool & wifi near beaches	https://... sound-vacatio... rentals...	11900 Indian River Drive North, Hobe Sound, FL, United States		Uninco... Martin County	JAFFE, ALAN & LINDA	11910 SE INDIAN RIVER DR N, HOBE SOUND, FL 33455		Entire home/a...	Validat... URL		
31374...	fli8969...	true	Sep 08, 2016	fli	BEACH... BEAUTY Hutch... Isl Marriott Resort!	https://... island-condo... rentals...	379 North... Tradew... Lane, Stuart, FL, United States	1-104	Uninco... Martin County							
05384...	fli1138...	true	Sep 08, 2016	fli	The Tree House	https://... vacatio... rentals...	512 South... Saint Lucie Crescent, Stuart, FL,	34	Stuart	BURRO... ALAN S	512 SW ST LUCIE CRES, STUART, FL 34994		Entire home/a...	Validat... URL		

The screenshot shows the 'My Dashboards' section of the Knoxville Real Estate website. The 'Listings' tab is selected, showing a table of properties. The first row of the table includes a 'PDF' icon, an 'Image...' icon, and a 'CSV / Excel (data only)' icon, which is being hovered over by a mouse cursor. To the right of the table, there is a 'Share' button and a 'Download as' dropdown menu. The table columns are labeled 'Entire home/apt.' and 'Validated... URL'.

PDF	Image...	CSV / Excel (data only)	Entire home/apt.	Validated... URL

TOWN OF TRUCKEE 100143 TRUCKEE AIRPORT ROAD TRUCKEE, CALIF. 96161-3305	
Attention: CHESTER GRANT F TROTE ETAL 4000 60TH AVENUE ARDENHURST, KY 40014	
	
2016-11-05	
Dear CHESTER GRANT F TROTE ETAL:	
It has come to our attention that the property located at 100143 Rock Ct, Truckee, CA 96161-3305 has been posted as available for short term rental without complying with the Town of Truckee's requirements, including property registration and recording and remittance of tax. Enclosed is a screenshot of one of your online listings for this property.	
As the registered owner of the property, we kindly request you submit the enclosed property registration form upon receipt of this letter. In addition, please use the enclosed tax return form to report and remit the appropriate tax from the period October 1, 2015 to current. If these taxes are reported and remitted no later than 60 days from receipt of this letter, the Town will waive penalties and interest due listed on your back of registration and timely reporting. If you do not complete the registration process and provide payment, the Town will calculate estimated taxes due including penalties and interest and propose that amount for collection. Continued non-compliance will result in the placement of a lien on your property for the amounts due. Beginning on November 10, 2016, it will be required to include the Property Registration Certificate Number (PRCN) on all online rental listings.	
If the property is being rented through a property management company, the enclosed forms are not necessary. Contact your property management company to ensure compliance. Compliance with short-term rental requirements is ultimately the responsibility of the property owner.	
For questions or if you believe you are receiving this letter in error, please contact us at: TCF@townoftruckee.com or 530-562-5260.	
More information regarding the duties and obligations of managing a short-term rental property in the Town of Truckee can be located at www.townoftruckee.com/TCF .	
Sincerely,	
Administrative Services Department Town of Truckee	
Enclosures: Online listing screenshot, Registration Form, Tax Return	




2012

100143 Truckee Airport Road, Truckee, CA 96161-3305
www.townoftruckee.com

Administration: 530-562-7750 / Fax: 530-562-7760 / email: TO@townoftruckee.com
 Community Development: 530-562-7820 / Fax: 530-562-7858 / email: cd@townoftruckee.com
 Animal Services/Vehicle Abatement: 530-562-7830 / Fax: 530-562-7880 / email: animal@townoftruckee.com
 Police Department: 530-660-2328 / Fax: 530-660-2330 / email: policedepartment@townoftruckee.com



Rental Activity Monitoring: Easily identify tax fraud and prioritize and initiate tax audits by monitoring Maui County's STR listings for signs of rental activity

<div>  <div> <div>My Dashboards</div> <div>Truckee ▾</div> </div> </div>													
<div> <div>Unit # missing</div> <div>Non-identifiable Listings</div> <div>Unidentified Listings</div> <div>Removed Listings</div> <div>Compliance Monitoring</div> <div>Rental Activity Monitoring</div> </div>													
Monthly Revenue Estimate													
Select Month: Last 12 Months													
Host Compliance Listing ID	Identified Address	Identified Unit #	Identified Permit Number	Identification Status	Listing Site	Listing URL	Month	Documented Number of Stays	Effective Nightly Rate in USD	Minimum Rental Nights	Documented Number of Nights Occupied	Documented Gross Revenue Estimate in USD	Match Validation Page
air10316...	13829 Ski View Loop, Truckee, CA, United States		4419036000	full address found	air	https://w...	Last 12 Months	5	\$185	1	5	\$925	Validation Page
air10521...	11495 Lausanne Way, Truckee, CA, United States		4536032000	full address found	air	https://w...	Last 12 Months	0	\$250	2	0	\$0	Validation Page
air10895...	11543 Alder Hill Road, Truckee, CA, United States		1939039000	full address found	air	https://w...	Last 12 Months	1	\$750	2	2	\$1,500	Validation Page

24/7 STR Hotline: Make it easy for neighbors to report, prove and resolve non-emergency STR related problems in real-time

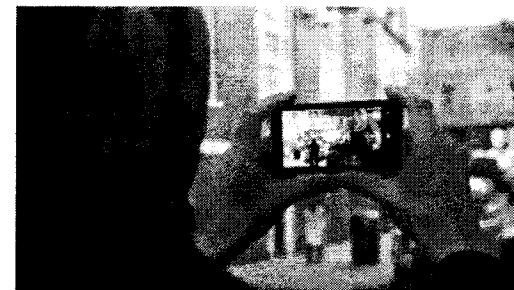
Step 1

Concerned neighbor calls 24/7 short-term rental hotline



Step 2

Complainant provides info on alleged violation and is asked to provide photo, video or other proof of alleged violation



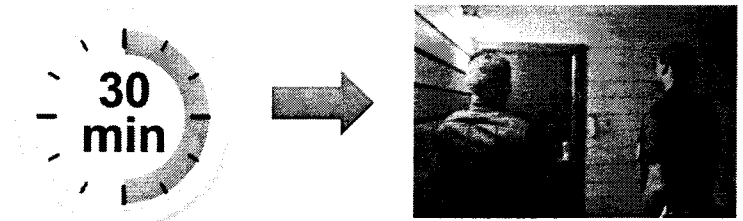
Step 3

If property is registered, Host Compliance immediately calls host to seek resolution



Step 4

Problem solved or escalated – Complaints saved in database so serial offenders be held accountable



Non-identifiable Listings

Unidentified Listings

Removed Listings

Compliance Monitoring

Rental Activity Monitoring

Short-term Rental Hotline

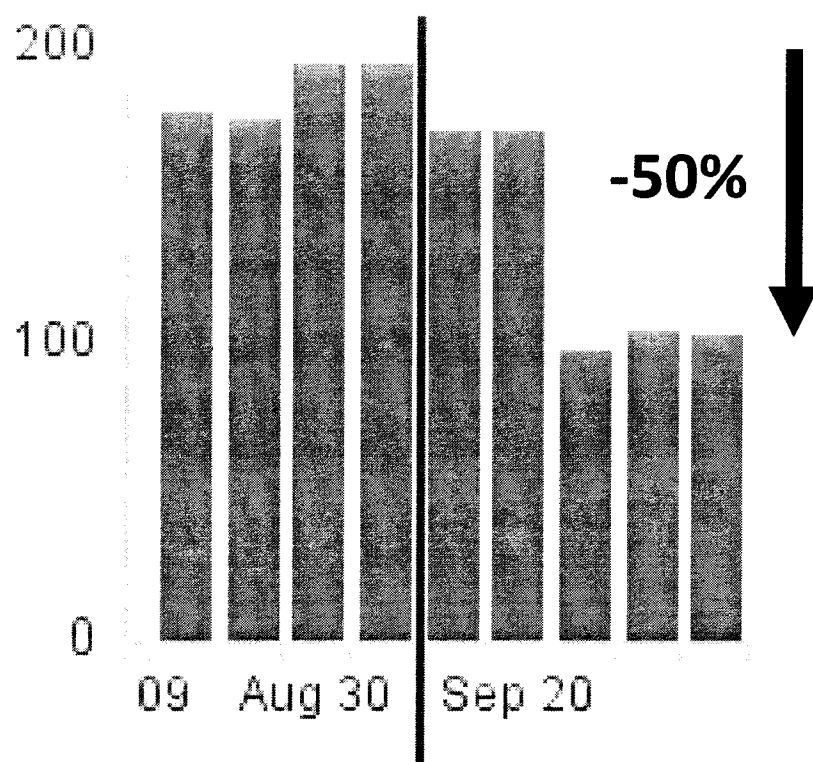
Short-term Rental Hotline

Call ID	Call Time	Caller Name	Caller Callback Phone	Call Recording	Reported Address	Reported Issue	Property Permit/... Number	Property Permit Contact Number	Call Contact Person for Property	Contact Person Acknowledgment	Caller Requested Automatic Callback?	Caller Indicated Problem Resolved	Caller Transfer to Police	Caller-Provided Evidence
14579...	3-Feb-2017 14:50:27	Ulrik Binzer	415-715-9280	Record...	120 S Cortez St, Prescott, AZ	Nuisance at a Short-term Rental: noise: A lot of noise at the property for a few hours and wants someone to look into it	12345	203-23399...	true	true	true			Eviden...
14580...	3-Feb-2017 15:16:58	Ulrik Binzer	857-928-0955	Record...	120 S Cortez street, Prescott, AZ	Nuisance at a Short-term Rental: loud party: please call (857)928-0955	12345	203-23399...	true	true	true			Eviden...
15534...	13-Mar-2017 05:43:20	ANONY...	--	Record...	513 Copper Bason rd, Prescott, AZ	Unlicensed Short-term Rental: If this property is license the property owner needs to post the license			false		false			
14671...	8-Feb-2017 18:33:26	Kate Dutton	415-539-7921	Record...	120 S. Cortez, Prescott, AZ	Nuisance at a Short-term Rental: loud party: very noisy. they are just trying to have some quiet time and it is	12345	203-23399...	true	true	true	true	false	Eviden...
14939...	20-Feb-2017 09:20:41	BOB INTEM...	928-239-5666	Record...	423 PARK AVE, Prescott, AZ	Unlicensed Short-term Rental: Rental is not licensed and is posted as a mim. 1 night stay. Ronda is the listing name. 109-08-027D			false		false			
14941...	20-Feb-2017 10:28:14	Sue Knaup	928-541-9841	Record...	Presco... Arizona	There is a vacation rental above them. she has submitted plenty of complaints. 928-541-9841.			false		false			
15110...	27-Feb-2017 11:30:47	Tom Martin	928-445-3580	Record...	1607 Idylwild Rd, Prescott, AZ	Unlicensed Short-term Rental: In regards to structure at location, only one window, lack of smoke detectors, and faulty electrical.			false		false			Eviden...

Host Compliance's tools have proven to be very effective

Hermosa Beach, CA Case Study

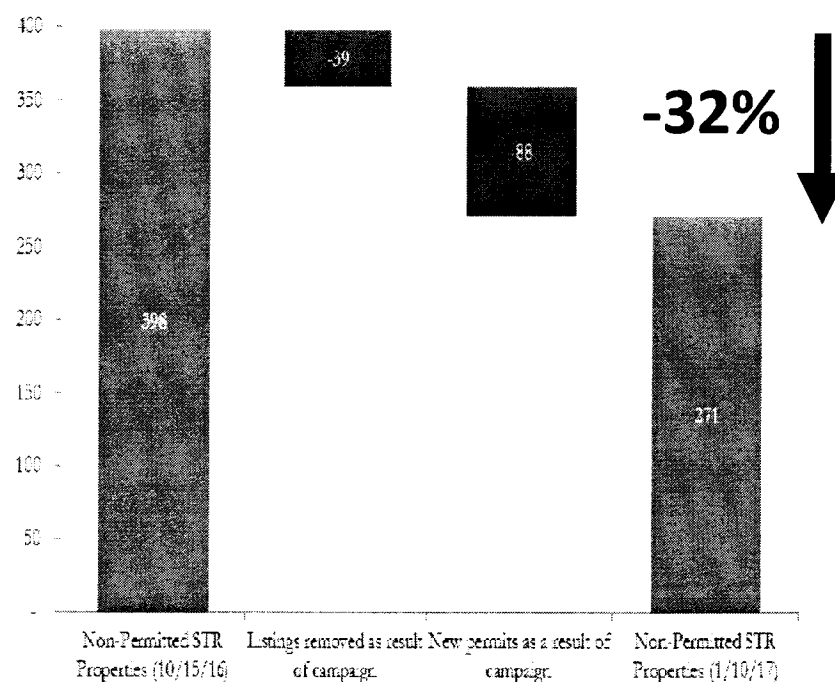
Illegal STRs in Hermosa Beach



*Host Compliance Begin Sending Letters to
Illegal STR operators*

Truckee, CA Case Study

Non-compliant STRs in Truckee



To accommodate any budget, our services are priced based on the number of listings that needs to be monitored



Mobile Registration

\$8.00 / property / yr



Address Identification

\$22.50 /listing / yr



Compliance Monitoring

\$11.25 / property / yr



Rental Activity Monitoring

\$15.00 / property / yr








24/7 Dedicated Hotline

\$9.00 / property / yr

Note: The exact scope of work can be adjusted to meet Maui County's exact monitoring needs in terms of geography, listing sites, listing types and other variables

Modules can be combined to meet Maui County's exact needs (bundle pricing examples without mobile forms)

		Typical Bundles w/o Mobile Forms				
		A	B	C	D	E
	Mobile Registration					
	Address Identification	✓	✓	✓	✓	✓
	Compliance Monitoring	✓		✓	✓	✓
	Rental Activity Monitoring		✓	✓		✓
	24/7 Hotline				✓	✓
TOTAL ANNUAL PRICE		\$480,454	\$520,260	\$639,679	\$575,989	\$735,214

Note: Above pricing assumes 16,046 short-term rental listings. Host Compliance would be happy to discuss alternative contract terms, contract durations and pricing structures if that would be of interest.

Affordable modular pricing tailored to Maui County's needs (single family only)

	STR Listings Count	Address Identification Cost	Compliance Monitoring Cost	Total Cost
West Maui	1,253	\$28,193 /yr	\$9,825 /yr	\$38,018 /yr
Kihei	737	\$16,583 /yr	\$5,661 /yr	\$22,448 /yr
Maui County	2,605	\$58,613 /yr	\$19,342 /yr	\$77,955 /yr

High volume discount has been applied due to expectation that Maui County would likely apply this test to other geographies.

20% discount for 3 year agreement / 30% discount for 5 year agreement.

Benefits to using Host Compliance's services

- ✓ Ensures fair, continuous and consistent compliance monitoring and enforcement
- ✓ Frees up valuable staff time that can be focused on higher-value added activities
- ✓ Minimizes noise, parking and trash violations
- ✓ Minimizes the impact on local law and code enforcement agencies as complaints are first handled by our 24/7 hotline and routed to the appropriate property owner before further enforcement actions are triggered
- ✓ Maximizes Maui County's tax and permit fee collections
- ✓ REVENUE POSITIVE – in most cases, the additional permitting fees alone pays for Host Compliance's services several times
- ✓ Requires NO up-front investment or complicated IT integration
-> we can be up and running in a couple of weeks
- ✓ **6 MONTH UNCONDITIONAL MONEY BACK GUARANTEE!**

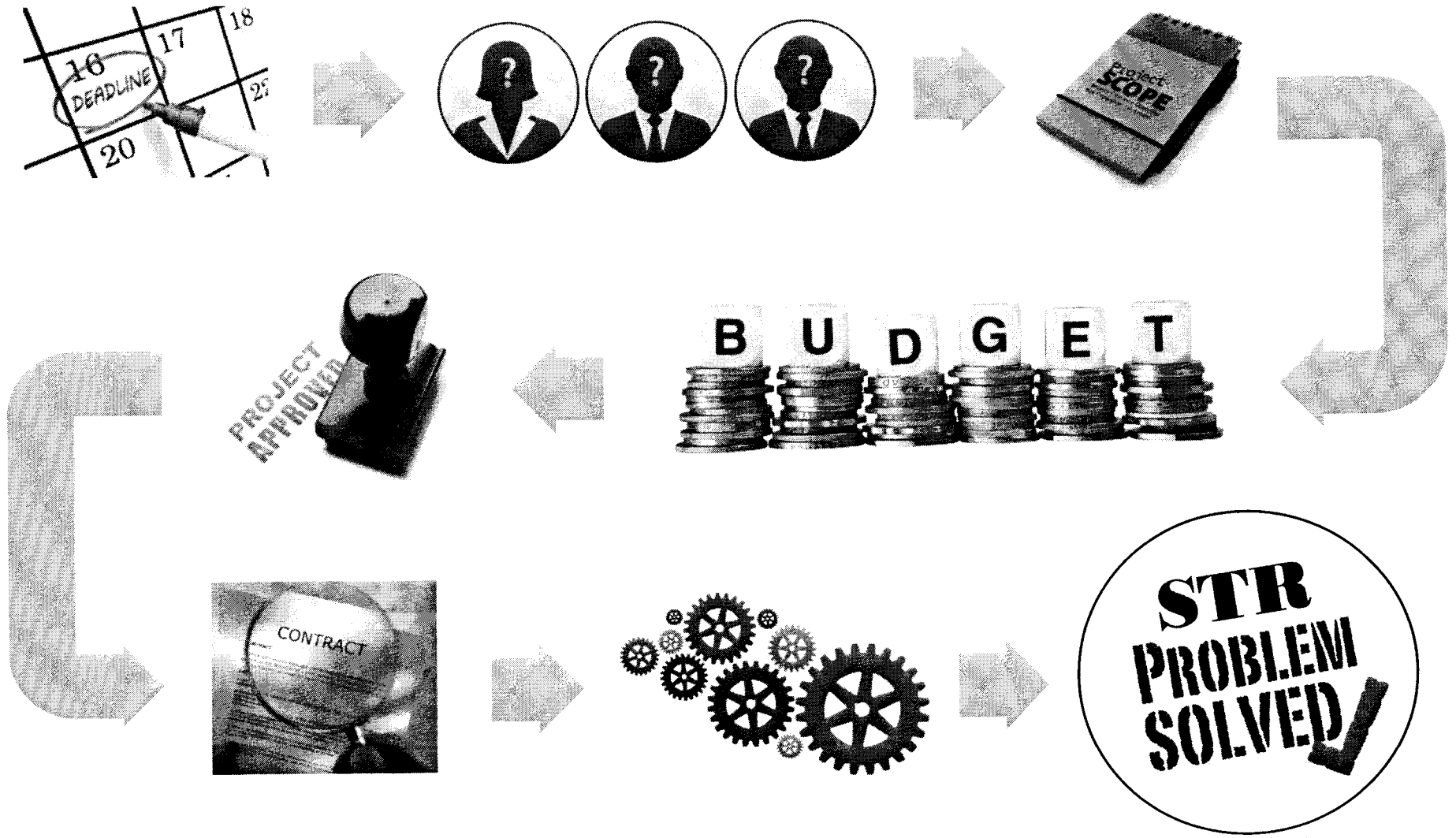
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Feedback

TELL
US WHAT
YOU THINK...

Working backwards to a solution to Maui County's STR problems



Next Steps

- ✓ Send you this presentation
- ✓ Schedule all team meeting?
- ✓ Set timeline to decide on best solution for Maui County's needs
- ✓ Confirm timing of possible rollout (needed to secure Maui County's place in the queue)

Contact info

Please feel free to contact us anytime if you have any questions about short-term rental regulation and how to best address the associated monitoring and enforcement challenges.

Ulrik Binzer

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857.928.0955

Paul Hetherington

paulh@hostcompliance.com

604.763.7285

www.hostcompliance.com