

HARMARI® SHORT TERM RENTAL CASE STUDY – SANTA FE

Problem Statement

Santa Fe, New Mexico is one of the oldest Cities in North America, originally settled in 1607. Santa Fe is known for its over 250 art galleries, museums, and world-class cuisine. It is famous for its Artist in Residence events in the Winter, and Baroque Holy Week. It also has the Santa Fe Indian Market, the Wine & Chile Fiesta, and many other events throughout the year. Its touristic draw and casual atmosphere makes it perfect for the vacation rental industry. An estimated \$2 million in lodging tax revenue was being lost each year on vacation rentals that were non-compliant. As of November, 2016 only 550 short term rental (STR) units had a business license, while at the same time 1071 listings were advertised on the big 3 short term rental platforms (AirBnB, VRBO/HomeAway, Flipkey/TripAdvisor). The compliance gap exists because short term rental websites only show partial identifying information, and not exact addresses or full names that could easily be cross-checked against the business license database. Those websites only display a first name, and an approximate radius of where the property is located which may be scattered up to 0.3 miles from its true location.

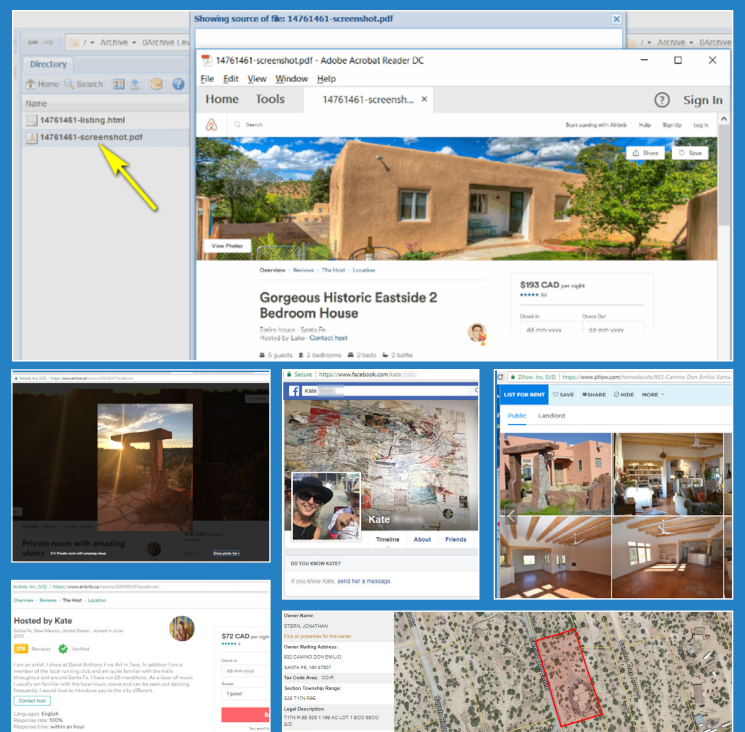


Proposed Solution

Santa Fe contracted with Harmari in October, 2016 to monitor, identify and assist with outreach on the STR listings advertised within the City. Harmari's STR program began around that time to capture short term rental listing metadata, such as host name, approximate address, title, description, number of bedrooms, nightly rate, minimum nights, and more. Harmari's trained staff goes about the following strategies to identify the STR operator and the exact address of the STR property:



1. Collect all organic, non-affiliate, non-aggregated STR listings within the City
2. Remove duplication on those listings, leaving only unique listings
3. Check the latitude and longitude of the listing against the database of the STR operators with a business license in the City
4. Look for information on the listing that corroborates the business license holder's name or business name
5. Look for image(s) in the listing that correspond to the spatial maps available for the region
6. Look for secondary websites with features similar to the STR listing
7. Look for social media content that corresponds to the listing operator. This includes Facebook, LinkedIn, Instagram
8. Document all screenshots, timestamp and label evidence
9. Continue steps 1-8 until all listings have been identified



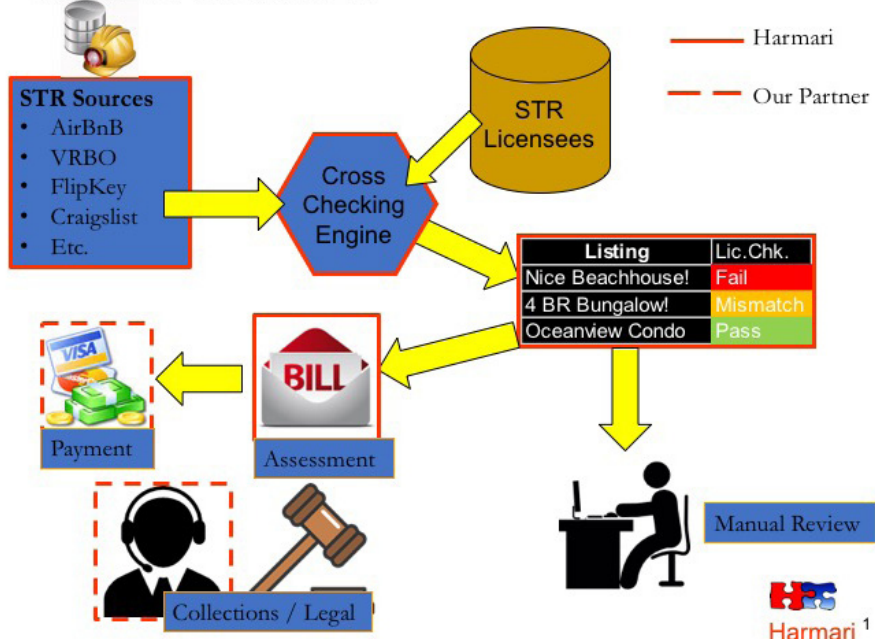
¹Santa Fe New Mexican, Dec. 9, 2015

http://www.santafenewmexican.com/news/business/city-million-in-revenue-lost-on-unlicensed-vacation-rentals/article_24a733a3-b82c-5150-890f-db5232928021.html

Implementation Specifics

Harmari coordinated with the Code Compliance team assigned to the STR project. Within the first month, over 70% of the listings were identified and outreach letters prepared. In Santa Fe, sometimes licensees would show the business license number instead of the lodging tax permit number. The software was adapted to cover both scenarios. After the identifications, a list of non-compliant STR operators and the respective property owners was generated. For property managers, the City engages with them directly on a regular basis so compliance was easy to attain with them. Owner-operated STRs were another matter, because the typical property owner is not aware of the licensing, safety and tax obligations of offering their property for short term rent. Harmari helped the City to generate a mail merge for over 100 letters to be sent.

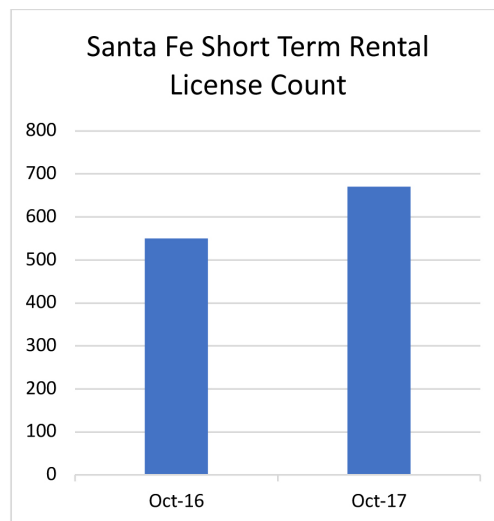
Tax Workflow



Secondly, Code Compliance recognized the problem that STRs are most active with guests checking in or out on weekends. The Code Compliance staff of 3 worked weekends to catch guests checking into/out of STRs with definitive proof of STR business activity at the addresses specified from the Harmari STR Compliance report.

Results

The Harmari report for December 2016 contained 1102 fully identified listings, of which 276 were apartments. About 185 unregistered STR Operators were found (16%) in the initial deliverable. Harmari staff prepared the mailout for the City, the City printed and mailed the outreach letters, and only 2 came back return-to-sender. City Code Enforcement staff were able to identify many non-compliant STR operators during their weekend investigations and field work. As of October 2017, Santa Fe has 671 business licenses registered for STRs. This has resulted in a 22% increase in licensees for the City, which has led to a great success in bringing in previously lost lodging tax revenue to the City.



Conclusion

All City staff involved in this project have expressed their satisfaction with Harmari's STR Compliance services, including the Land Use department, Tourism, Code Compliance and the City Manager's office. For more information, please contact:

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