

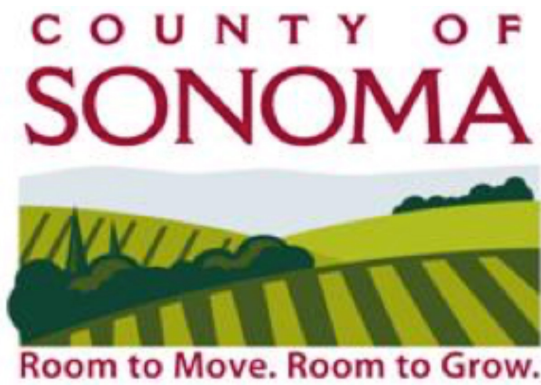
Harmari Short Term Rental Case Study – Sonoma County



H A R M A R I

S T R

Problem Statement



Sonoma County, California is known for its vineyards, and outdoors adventures. The Russian River is good for kayaking, and fishing, and the beautiful Pacific coast highway has the most breathtaking views on your drive up to Sea Ranch or Bodega Bay. It turns out that short term vacation rentals (STR, VR or STVR) are a fairly popular way for visitors to have an authentic experience.

In the 2017-2018 fiscal year, Sonoma County collected \$22.2M in Transient Occupancy Tax (TOT) which funds various capital improvement projects and funds tourism promotion for the County.

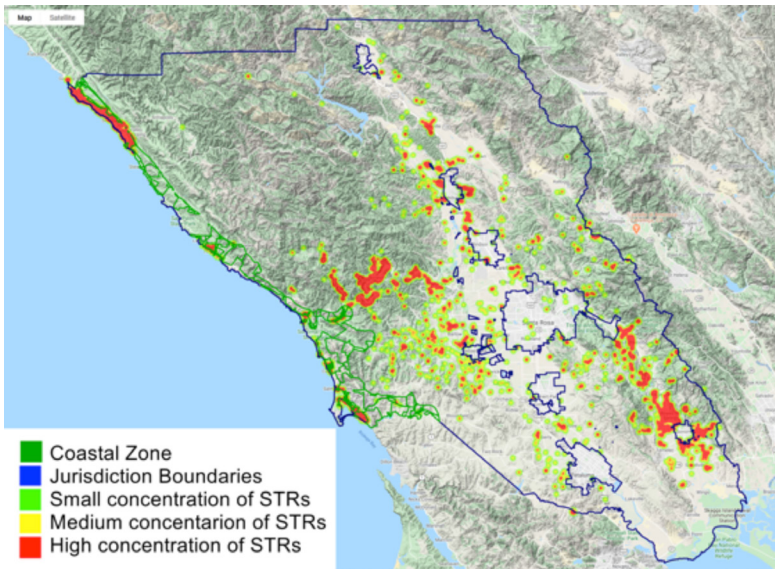
As of September 2017:

- Over 5,000 listings were advertised on 60 short-term rental websites such as AirBnB, VRBO, HomeAway, Flipkey, Booking and Craigslist
- Only 2262 short term rental properties (STRs) were remitting transient occupancy tax (TOT) of 12%
- Only 1187 STRs were permitted. STRs require a Land Use Permit within Sonoma County except for those located in the Coastal Zone.

A map showing the unincorporated regions of Sonoma County in blue followed by the designated Coastal Zone in green. Secondly, the County's Permitting and Resource Management Department (PRMD) requires a Land Use and/or Zoning Permit and forbids STRs in high-density residential and other zones. The County also forbids short term rental of RVs, Tents, Campers and Trailers outside of State Parks and Reserves.

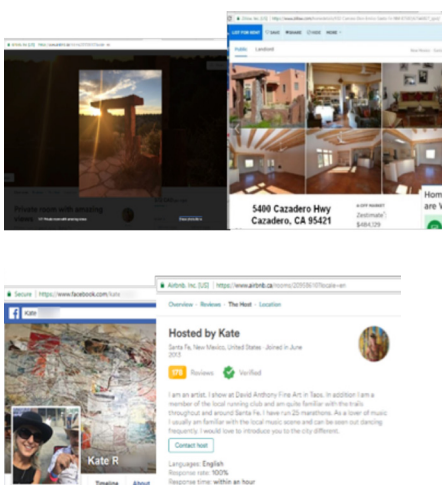
The compliance gap exists because short term rental websites only show partial identifying information, and not exact addresses or full names that could easily be cross-checked against the business license database. Those websites only display a first name, and an approximate radius of where the property is located which may be scattered up to 0.3 miles from its true location.

Proposed Solution

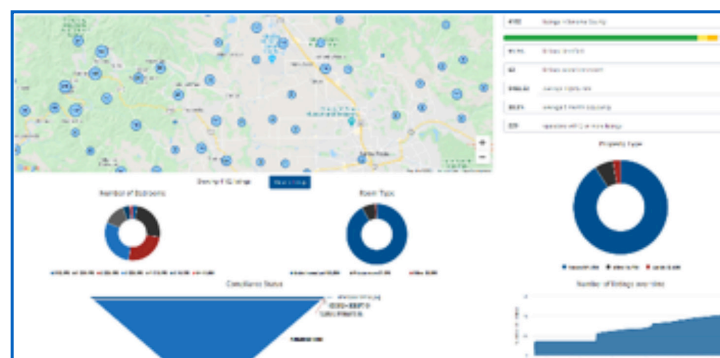


Sonoma County contracted with Harmari in February, 2018 to monitor, identify STRs without a current Land Use Permit, or not remitting TOT. Harmari STR began to capture short term rental listing metadata, such as host name, approximate address, title, description, number of bedrooms, nightly rate, minimum nights, and more. Harmari's **specially recruited, trained, non-crowdsourced research analysts** execute the following strategies to identify the STR operator and the exact address of the STR property:

1. Collect all STR listings from 60 different websites four times per week (weekdays, weekends)
2. **Remove duplicate listings**, leaving only unique dwelling units
3. Check the latitude and longitude of the listing against nearby STRs that have a permit and/or TOT account with the County
4. Look for information on the listing that corroborates the business license holder's name or business name
5. Look for images in the listing that correspond to spatial maps, secondary websites, and social media content that corresponds to the listing or operator
6. Document at **least 2 pieces of supporting evidence** (the highest standards in the industry) and upload to the case report



With this systematic methodology, and super easy and intuitive user interface (below). Harmari helps level the playing field for lodging taxes due to the County.



Implementation Specifics

Within the first 3 months, 80% of the 5000 listings were identified. In Sonoma County, both a business license number and a TOT permit number are required to list an STR outside the coastal zone. However only the TOT number is required in the coastal zone areas such as The Sea Ranch and Bodega Bay regions. Harmari was able to pick up both the Permit number and TOT numbers to validate a licensee (example below).

Walking into the home you'll be immediately impressed by the warm oak flooring accented with beautiful art and mid-century modern touches. The main gathering area to the right as you walk in includes a slate fireplace, large Italian sofa and designer finishes as well as a second seating area with four club chairs overlooking the grounds with large Live Oak trees.

[View more](#)

Registration Number: Our Vacation Rental Permit #: ZPE14-0269 and our TOT #:1304N

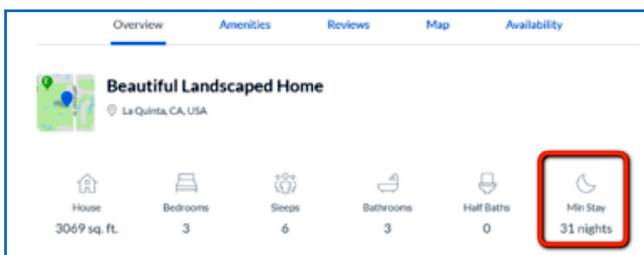


Figure 1: Example STR listing exempted from Permit / TOT obligation.

Owner/Operators are less aware of the licensing, health and safety and tax collection obligations of offering their property for short term rent than Property Managers.

However, **changing the listing to a minimum 31+-night stay** makes the property exempt from the County's short term rental laws. Harmari collects calendar data to ensure that the average stay length does not go below 31 nights, just in case the operator mis-represents the ad.

Others got into compliance by **taking their ad down**. Once an STR listing is identified, Harmari continuously monitors whether a listing stays down or whether it

comes back later after the compliance call is completed. Harmari is able to track whether the website stays down with the Activity chart below.



Figure 3: Example of an Intermittently Active Listing



Figure 2: Example of a listing taken down that stayed down

Finally, the other way the STR operator comes into compliance is to **register for a permit and start remitting lodging tax** to the County. Sonoma PRMD has gotten **427 STRs to properly obtain new Land Use Permits**.

Through using Harmari, the Finance department **found over \$250,000 in new TOT revenues**. The Harmari STR compliance program has easily paid for itself many times over for Sonoma County.

Conclusion

All County 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 County Manager's office. For more information, please contact:

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