

Subject: housing shortage

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Planning Commission,

I write this letter to question the logic behind limiting STRs in the County in order to increase housing stock in Humboldt County. As a seasoned local landlord, I would like to express my viewpoints on the current local housing situation and the impact that limiting STRs will have on the housing market, the livelihood of local STR operators and Humboldt County's economy.

My husband and I own 10 homes in Humboldt County (8 of them are LTRs) and are owner/operators of one parcel with STRs on it. We are no strangers to the dynamics of the housing market. Ourselves and our realtor, a respected local agent with over 25 years selling homes in Humboldt County, feel that the state of the current local housing situation is due to various factors, the operation of STRs not being one of them.

The factors we feel are influencing the current housing situation in Humboldt County are varied. One of them being that local homeowners are generally sitting on mortgages that hover in the 2%-4% range. With interest rates topping 8%, many local homeowners are reluctant to sell, as current borrowing costs have made the purchase of a new home at this inflationary time too expensive....so they are staying put...decreasing available housing stock.

Another factor impacting current housing stock relates to out of area home buyers and investors. Our realtor reports that currently approximately 50% of her clients are from out of the area. These clients sell their LA and Bay Area homes at prices 3-4x higher than Humboldt real estate, allowing them to put cash, over asking price offers on local houses. This has resulted in the price of housing in Humboldt County soaring to exorbitant heights that are out of step with our local economy, pricing locals out of the market and gobbling up much of the available housing stock.

If the current draft of the STR ordinance goes through as proposed, my husband and I very well could not meet the narrow parameters of it. Unfortunately, this would not result in us adding long term rentals nor purchasable inventory to the local housing market.

Transitioning our STRs to LTRs is not feasible for us, as the income from LTRs would not meet our expenses. We most likely would then be in a position to have to sell. With the current inflationary trend, loss of STR income, our exorbitant insurance rates and property taxes, the price we would need to list our property for would not be in step with our local economy. So again, outside monies would come into the County, further jacking up the price of local housing, and not increasing housing stock for Humboldt County residents.

Other data that causes us to question the state of a 'housing shortage' include our experience as long term rental landlords. There has been a marked shift in the local rental market as of late. We have been experiencing a notable decrease in interested rental applicants resulting in a need to lower our rents.

Historically, when we put a rental on the market, within 24-48 hours we receive copious numbers of applicants. It has been no problem to rent our houses to our pick of qualified tenants. A few months back, a 3 bedroom, very clean and well-appointed rental in a prime Arcata neighborhood we own became available. Over the last few years, it has very easily rented for \$2175. We listed it, and over the first week, surprisingly got *zero* responses to our ad. We lowered the rent to \$2100. Still *no* responses. Over the course of 2 months, we have gradually lowered the rent to \$1800. Eventually, we received a mere 4 responses. Only 2 of the responders submitted applications. This paucity of interest is unprecedented. We have finally successfully rented out, yet at a 17.3% income decrease with the addition of 2 months of lost rent. This anecdote is *not* indicative of a housing shortage in the area.

Other factors we feel that demonstrate the illogic in impacting the operation of STRs in order to increase local housing stock include the fact that Cal Poly has not seen anywhere close to the enrollment increase they had anticipated. This year, they were predicting 2,000 new students. Enrollment for the 2023-24 year only increased by a mere 100 students. In preparation for this projected enrollment increase, various new housing projects are being developed including Cal Poly's Craftsman's Mall Project which will add **964 beds** and Arcata's Gateway Project which is projecting adding **500** new housing units...among other developments throughout the County. This will certainly increase housing stock and, as market logic goes, drop housing costs questioning the need to decrease the paucity and value of vacation rentals in the area with the dubiousness that this will increase housing stock.

Please question if this ordinance, limiting the numbers of STRs in order to theoretically increase housing stock, will be cost effective to the County, STR operators and our economy and if it will actually increase housing stock. The impact of limiting operators access to the STR market could potentially only very *negligibly* add a small number of homes, if that, to the current market at a great financial impact to STR operators, the County and our local economy.

Thank you for thinking carefully before negatively impacting the honest income local STR operators are making in an area without a lot of other legitimate employment opportunities, creating jobs for local cleaners, landscapers, housing managers and handymen, contributing to County property and TOT taxes, increasing revenue to our local economy and businesses with valuable tourist dollars and sharing the beauty and majesty of Humboldt County to appreciative tourists from throughout this country and globe.

Respectfully submitted,

Maureen Chase