



SAN FRANCISCO OFFICE OF SHORT-TERM RENTALS

July 31, 2017

To Whom it May Concern:

You are receiving this letter because San Francisco's Office of Short-Term Rentals (OSTR) has identified your company to be a short-term rental hosting platform, as defined by San Francisco's Short-Term Rental Ordinance (Chapter 41A of the San Francisco Administrative Code, hereinafter "Ordinance"). Recent amendments to the Ordinance affect your obligations and operations as a hosting platform. The purpose of this letter is to inform you of these amendments, share the attached Administrative Guidance detailing how hosting platforms can comply with one particular obligation, and to explain in more general terms below how to comply with your obligations under the Ordinance.

Background

The Ordinance became effective in February 2015, legalizing short-term rental activity for hosts within San Francisco that are the permanent residents of their dwelling unit. To comply with the Ordinance, hosts are required to obtain a business registration, and to receive a certificate from OSTR that verifies the host's status as a permanent resident and his or her eligibility to conduct short-term rentals (to the extent permitted by the Ordinance).

In August 2016, the Board of Supervisors added several requirements for hosting platforms that provide booking services for short-term rentals. Your company should read and understand the obligations for hosting platforms contained in Admin. Code Section 41A.5(g)(4). A few of the main requirements of that section are:

- Platforms must verify that any residential unit offered for short-term rental is lawfully registered with OSTR before the platform may provide, or collect a fee for, booking services for that unit. The Guidance attached to this letter details how to comply with this requirement.
- Platforms must submit a monthly affidavit to OSTR affirming that they have exercised reasonable care to verify that hosts utilizing their service are lawfully registered with OSTR.
- Platforms must maintain business records for no less than the prior three years for each of their hosts and short-term rental transactions, and must provide this information to OSTR upon request.

Hosting platforms Airbnb and HomeAway filed suit against the City subsequent to the passage of these amendments, and enforcement of the Ordinance was temporarily put on hold. The litigation has been settled, the hold lifted, and the Ordinance is now effective and applicable to all short-term rental hosting platforms operating within the City and County of San Francisco.

Methods of Compliance With Obligation to Take Reasonable Care to Verify that Hosts are Registered

There are a number of methods available for platforms to verify that hosts are lawfully registered. The attached Administrative Guidance document, entitled "Office of Short-Term Rentals: Guidelines for Hosting Platforms"), explains these methods in detail, and I summarize them here:

1650 Mission St.
Suite 400
San Francisco, CA
94103-2479

Reception:
415.558.6378

Website:
shorttermrentals.
sfgov.org

Inquiries:
415.575.9179
shorttermrentals@
sfgov.org

- Method 1: APPLICATION PROGRAM INTERFACE (API): The platform may query an API administered by OSTR to verify that the host is lawfully registered.
- Method 2: OSTR REGISTRATION NUMBER FIELD & SPREADSHEET RECONCILIATION: The platform will require hosts to input their OSTR registration number into a mandatory field in their short-term rental listing. On a monthly basis, the platform will provide a spreadsheet to OSTR containing certain data that will allow OSTR staff to audit the platform for compliance.
- Method 3: REGISTRATION CERTIFICATE UPLOAD: The platform will require hosts to upload an image of their Short-Term Rental Registration Certificate (a document issued by OSTR to lawfully-registered hosts), and forward a copy of this image to OSTR staff.
- Method 4: OTHER: The platform may choose to engage with OSTR staff to establish an alternative, mutually-agreeable method of compliance.

Next Steps

Although these new requirements for hosting platforms are currently in effect, OSTR is providing an enforcement grace period to allow platforms to come into compliance. To ensure compliance with the Ordinance, and to avoid administrative, civil, and/or criminal penalties, please complete the following steps within 45 days of the date of this letter:

- Notify OSTR of the desired method of compliance, and implement any necessary changes to the design and functionality of your platform to accommodate the method of compliance. For example, if you select Method 2, you will need to create a mandatory field for hosts to enter their registration number on your platform.
- Inform hosts of the requirement to register. OSTR can provide a template communication upon request.
- Discontinue booking services for any listings or hosts that you have not verified as having a valid registration or as having submitted an application for registration.
- Begin providing monthly affidavits to OSTR, on the fifth of each month, attesting that the platform is in compliance with the Ordinance.

How Hosts Can Register

After obtaining a business license from the Office of the Treasurer and Tax Collector, hosts can submit a registration application to OSTR in several ways:

- 1) On-line Application: Hosts may visit the OSTR website at <https://shorttermrentals.sfgov.org/> for information about eligibility and the requirements of the short-term rental program. Once hosts have determined that they are eligible for registration, they may apply on-line at:

<https://businessportal.sfgov.org/start/starter-kits/short-term-rental>

2) In-Person Appointment: OSTR offers scheduled appointments and walk-in hours throughout the week, where hosts may ask questions and submit applications during a short meeting with OSTR staff.

3) USPS Mail: Hosts may submit a completed application via USPS mail to:

Office of Short-Term Rentals
1650 Mission Street, Suite 400
San Francisco, CA 94103

Once a host has submitted an application, the host may continue to book and host short-term rentals while the application is pending. But if OSTR denies the application, the platform must cease providing booking services for the listing and the host should remove the listing and cease short-term rental activity (including the cancellation of future bookings).

Please note that we are offering platforms the opportunity to develop a “pass-through registration” system, if desired. Such a system would be hosted on the platform, and would be designed in collaboration with staff from OSTR and the City’s Department of Technology. The platform-hosted system would collect information from the host, and would submit the application to OSTR on behalf of their host. Please note that the development of a pass-through registration system requires a payment of \$40,000 to cover staff time for the initial development of the system, as well as a \$5,000 annual payment for maintenance.

Thank you in advance for your cooperation. If you have any questions regarding this letter or the requirements of the Ordinance, please feel free to contact me at kevin.guy@sfgov.org, or at (415) 558-6163.

Sincerely,



Kevin Guy,
Director, Office of Short-Term Rentals

Attachments:

- 1) San Francisco Administrative Code Chapter 41A
- 2) Office of Short-Term Rental Administrative Guidelines
(Implementing Section 41A.5(g)(4)(C))

如果你需要用華語獲得關於這通告的細節,請電 415-575-9010.

Para obtener más información sobre esta notificación en español, llame al siguiente teléfono (415) 575-9010.

a makuha mo ang informacion tungkol sa noticia na ito sa tagalog, paki tawagan lang ang numero (415) 575-9010.