

October 20, 2023

Dear Whittier City Council Members and Managers,

My name is Nathan Tharp. I've been a resident of Whittier since 2016. I plan to live in Whittier the rest of my life. I am a teacher. To supplement my teaching income I have operated an STR since 2020. I've gone through a difficult and expensive divorce and I am dependent on my STR income. I have built my retirement and financial plans based on this income. The regulations that the city is considering will have a major impact on me and my family. They could cost me up close to a \$1 million in potential income over the next 30 years and force me to sell my house. Because both prices and interest rates are at their highest in a generation, losing my STR would be devastating for me.

### **PERCEPTIONS VS REALITY**

I've watched the council meetings regarding STRs and appreciate the efforts by all to develop regulations that protect all residents. I see and appreciate the large amount of work that has already been put in and will be put in on our behalf. Thank you. However, I also witnessed several perceptions that do not match my experience as an STR owner:

#### Misperception 1: STRs are party houses

*Reality:* The bulk of my renters are families visiting relatives in Whittier. They choose my STR over a hotel so they can have more space. I've been able to prevent parties easily. I impose a \$50 per person penalty for any people on the property over my house limit. I also impose a two night minimum on weekends. Since adopting these practices two years ago, I haven't had a renter ask or attempt to hold a party. Preventing events has also had the effect of addressing any parking issues.

#### Misperception 2: STRs are owned by outside entities.

*Reality:* Every STR owner that I've been in contact with is a local Whittier resident. It is hotels that are owned by outside entities and don't want competition from normal people like us. I encourage the city to research who its STR owners are before causing undue harm to residents.

#### Misperception: STRs are bad for the local economy.

*Reality:* It is the exact opposite in my experience. My renters frequent local establishments at a much higher rate than permanent residents, especially grocery stores, drug stores, and restaurants. In the last year I have paid \$30,000 more into the local economy than I could have without my STR. This came in the form of cleaning, landscaping, home improvements, furniture, and decorations all of which I can document. If 100 STRs are doing something similar this is millions per year directly entering the local economy. Just ask my cleaner, handyman, Fins Seafood Grill, and King Richard's! More broadly a Harvard Business review study has found that although there may be growing pains, STRs promote local growth, and they recommend conservative approaches to regulations.

#### Misperception 3: Short term renters don't have any skin in the game

*Reality:* My short term renters treat my property and the neighborhood better than any long-term renter I've ever had. I have not had a single broken cup or plate in over three years. If a neighbor calls because there is an issue (which hasn't happened for two years), the renter immediately addresses the issue. The house and yard are cleaner and look better than they did before I started the STR. They aren't dumping grease or eggshells down the sink, letting the landscaping die, holding regular parties, smoking pot, sneaking extra

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roommates or pets in, leaving broken down cars in the driveway, or neglecting to report roof leaks- all problems that I've had with long term renters. Unlike long term renters, short term renters are rated and they want to maintain a positive rating. And they are only there for a few days. So if they are problematic, they leave before causing long-term damage. STR owners are much better for the neighborhood than regular or absentee landlords because they are engaging with the property on a daily basis, reinvesting regularly in the property, and working to maintain a high quality experience to draw renters.

#### Misperception 4: STRs are impacting affordable housing

*Reality:* The 108 STRs in Whittier make up less than 0.4% of the 27,500 households in Whittier. This is a tiny portion. And it's likely to remain that way because Whittier is not a tourist destination like Anaheim or Palm Springs. In addition, another recent study by Harvard found that in cities that have a significant number of STRs, there appears to be an effect on housing costs but the effect is negligible- on the order of 0.2% or \$9/month on a \$3,700 rent payment. What STRs affect are hotels. Since implementing strict STR regulation in New York, hotel prices have shot up by 10% in one month according to a third study. The evidence is showing that hotels chains that who benefit from restrictions on STRs, not renters.

### **RESPONSES TO CITY'S RECOMMENDATION**

My recommendation is to adopt a conservative approach. This would mean to hold owners responsible for outcomes without over-regulating and micromanaging how they achieve them. We can prevent disruptions to neighborhoods and still protect and provide opportunities for hard-working home owners in Whittier. My suggestions are as follows:

#### **Yes to the following:**

- Ban Events: Yes, do it. It would actually help if the city passed a simple regulation prohibiting events at STRs and could cite renters directly for infractions. I would refer to that code in my listing.
- Limit Occupancy: Yes, this is in effect defining what an "event" is. Limiting occupancy to 2 X the number of rooms plus two seems reasonable based on my experience. I would also include a cap of 8-10 total for larger houses.
- Require a permit: Yes, do it. Every 6 months seems reasonable
- Require Primary Residence in Whittier: The IRS defines primary residence as the residence where a person spends the most time. Whittier should use the same definition. If I am taking care of a sick parent or teaching a semester abroad I want to be able to rent out my residence even if it goes over 180 days for any particular year. Forcing me to leave my house vacant because of someone else's bad management is harmful.
- Grandfather in Existing STRs: I and other STR owners have worked tremendously hard to establish our businesses. It is not easy. To take away our businesses because of a couple of bad seeds is unconscionable. Some of us are dependent on this income to survive. Allow every hard-working STR the opportunity to comply with the new regulations and take permits away only when there is cause.
- Impose Penalties: The penalties seem fine, but it would be beneficial if the city could cite renters directly. In addition, there should be a clearly documented process and criteria for an appeal or non-renewal. There are non-STR owners out there that simply might not like the idea of an STR and make false reports.

#### **No to the following:**

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- Do not Require a Minimum Stay: This is micromanagement from the city when the actual goal is to not have events. Leave it up to owner to prevent events. I implement two night stays on weekends and have had no parties. Imposing a requirement of even 3 nights almost halted all business. A requirement for a 7 night minimum as mentioned in the October council meeting would have a disastrous effect and would completely destroy our businesses.
- Do not Impose a New Tax: The city doesn't charge an extra tax for landscapers or long-term landlords when they too have significant impacts on a neighborhoods as well. An STR is no more commercial than a long term rental. In fact we live in our houses more that long-term landlords. As noted above, the money isn't leaving the city like it does with a hotel, especially if there is a residency requirement. If the city needs money to help regulate STRs, instead charge for the permit once or twice a year rather than create a new tax. This will be much easier for landlords and city staff. It will also have the effect of setting a higher bar for new STR owners.
- Do Not Limit the Total Number of STRs at This Point: This makes sense, but in reality less than 0.4% of housing units are STRs. And Whittier is not a tourist destination. The city can set a soft limit significantly higher than 108 and address this issue if it truly becomes a problem.
- Do Not Require a Spacing Radius: This is unfair. Again, the issue is to prevent events, which can be done above. There are many long-term rental units near each other. Properly managed STR units can be next to each other as well. In my case, there is a problematic STR within 500 feet of my house. That unit is one of the reasons this issue is even on the council's agenda. If that person were to get their permit before me, I will lose my STR and about 30% of my income.

Finally, I'd like to add that being an STR owner has been an overwhelmingly positive experience. Through hosting and traveling, I have met people from every walk of life (rich/poor/old/young) for whom travel and mobility has been made possible through the STR economy. I believe the experience of being exposed to new and different cultures and ways of being produces in us more understanding, compassion, creativity, and humanity and a realization that we are all not so different. Bringing this energy into Whittier and allowing Whittier residents to share in this global phenomenon through hosting and traveling will benefit all of us. And I believe we can do it in a way that is the most beneficial to all.

I am happy to consult, present, or partner with the city to help solve issues around STRs. Please don't hesitate to contact me with questions or requests. Thank you so much for your time. As a fellow public employee, I understand the challenges of trying to accomplish as much as possible with limited resources. If I can assist in any way, please let me know,

Sincerely,  
Dr. Nathan Tharp



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CC: CM; ACM; CA; Council; Original to CC; Public Binder; Department