

**Some excerpts about vacation rentals from:
San Juan Islands Visitor Study • Confluence Research for San Juan County • June 2018**

Understanding vacation rentals – Overview of San Juan County housing stock

- Based on recent analyses, San Juan County has roughly **13,600 housing units, of which 7,700 are full-time resident households** (San Juan County Community Development, 2017). About 71% or 5,500 of these resident households own their homes, while the rest (29% or 2,200) live in long-term rentals.
- The **remaining 6,000 housing units are “second homes” that can be divided into vacation rentals (about 1,000), and so-called “vacant homes” (about 5,000)**. The former are permitted by the County to be rented to visitors, like hotels or other accommodation. The latter are not all “vacant,” they are simply used part-time.
- These **vacant homes can be further divided into three types:**
 - Occupied only by their owners.
 - Occupied by their owners or owners’ friends and relatives (for free).
 - Occupied by others (not the owners or their relatives) for a fee, but not under permit with the County. These may be advertised on Craigslist, by word of mouth, or through some other “black market” platform. This category bypasses the County permitting process and county and state lodging taxes.
- It is **challenging to estimate the number or proportion of homes** in these different “vacant” categories. It is similarly **challenging to estimate the percent of time the homes in any of these categories are actually occupied**. It is also possible that vacant homes currently used by owners, their friends, or through “black markets” will be converted to permitted vacation rentals at some time in the future.

Vacation rentals – Estimating numbers and their characteristics

San Juan County requires permits for homeowners to rent their houses to visitors. This formal process requires rentals to have a capacity related to the number of bedrooms and bathrooms, utilities, parking, permission of neighbors, etc. A file is created for each permit, but the information has been incompletely digitized (usually limited to name, address, and location; only about one third have any information about the number of beds or rental capacity). The County is revising its vacation rental ordinance, which provides an opportunity to refresh and digitize all permit information.

In the interim, there is a need to estimate the number and capacity of vacation rentals, to fit with the capacity information we have for other types of visitor accommodations. Confluence developed a systematic sample of 217 vacation rentals (97 on San Juan, 60 on Orcas, and 60 on Lopez) listed on Airbnb and VRBO.

A combined initial list of 875 vacation rentals was developed using the map scrolling tools on the Airbnb and VRBO websites. Although vacation rentals are offered through other platforms (e.g., Craigslist, direct booking, and word of mouth), the 875 combined VRBO and AirBNB listings were sufficiently close to the approximately 950 County-permitted vacation rentals (some of which may be offered on other marketing platforms), so we considered these two sufficient. Based on our sampling, there appears to be a 9% overlap where owners list on both websites, so the two websites probably cover about 790 distinct vacation rentals.

The list was then sorted by number of bedrooms and sampled at systematic intervals until the target number of rentals for each island was met. This ensured a representative sample of different size rentals, for which we collected more detailed information. The sample returned mostly houses, but also included some units that better fit within some of our other accommodation types (e.g., downtown condos, apartments, cabins/cottages, tent cabins, bed and breakfasts, boats, and private campsites). In general, however, the majority of vacation rentals are a single house or unit offered by its owner (not part of a group of units as with a B&B or hotel).

Accommodation inventory – Total people across all types

By applying simple multiplier assumptions for people per unit, we estimated the capacity of existing accommodation (assuming all rooms were full). For this exercise, based on a review of our databases, we assumed 3 people per hotel unit, 7 per condo, 6 per cabin, 4 per hostel room, 3 per B&B bedroom, 5 per transient rental unit, and 6 per campsite.

- Results show a similar pattern to Figure 36, but high occupancy units like vacation rentals and campsites show larger proportions of total accommodation. Overall, San Juan and Orcas islands appear to have similar accommodation capacities.
- Orcas has fewer hotel rooms but more vacation rentals and campsites, which can handle more people.
- Lopez has few hotel units, and its vacation rentals and campgrounds provide most of its accommodation capacity

Reported accommodation: Ferry survey

The ferry survey asked visitors to report the type of accommodation they were using; it provides the most representative estimate of visitors' accommodation choices.

- These reported accommodation types fit with the availability of different types of accommodation shown in the inventory on each island.
- Compared to other islands, San Juan has more visitors staying in hotels and B&Bs, and less in campgrounds.
- Orcas has fewer visitors in hotels and more in campgrounds, while Lopez has more with family/friends and in campgrounds, and few in hotels and B&Bs

Does accommodation capacity constrain overall visitation?

Structured interviews with several staff suggest that most hotels/inns are fully occupied on summer weekends, although there is often space mid-week and during shoulder seasons. This suggests some growth in peak season visitation can occur in this category. We assume the same is true for cabins and resort/condos.

The overall housing stock in the County is the other major component of accommodation supply. The current stock of vacation rentals is the single largest accommodation category, overall providing roughly a third of the units and serving roughly half the visitors. It is more of a "wild card" because it has several unknowns.

The current stock of vacant housing is five times larger than the vacation rental stock. Ferry survey data show that numbers of visitors staying with friends and family are about the same as numbers in vacation rentals, which suggests about 20% of the vacant category may serve as *de facto* units in the vacation rentals category, occupied by people who consider themselves visitors. If an additional 20% of the vacant category (currently truly vacant) was converted to vacation rentals, it would double the number of vacation rentals, and perhaps increase the number of visitors by as much as 50%. This change could occur without any new construction.

Long-term rentals present other unknowns. The evidence suggests that some long-term rentals may be converting to vacation rentals. If this depletes the stock of long-term rentals, it may induce higher visitation while decreasing housing for those needed to service visitation. In general, vacation rentals appear to be larger and “higher-end” units than long-term rentals, but the data show that vacation rentals include modest units too.

Many vacant homes are already accommodating visitors, just not visitors who reserve or pay for their accommodation in an easy-to-monitor way. If vacant homes currently used by visitors are converted to vacation rental status, it may not change the overall amount of visitation unless occupancy rates change. Occupancy rates for both vacant housing and vacation rentals are currently unknown. Lodging tax receipts might allow estimates of occupancy for vacation rentals, but this analysis requires complex assumptions. Occupancy rates for “vacant” housing are even more difficult to estimate. Both of these issues could be addressed on a resident survey and additional analysis of vacation rental lodging tax receipts.

The current accommodation supply is probably a larger constraint on visitation than the WSF system. For example, our earlier transportation analysis shows that typical peak weekends bring as many as 3,000 people per day to San Juan Island, and because they stay an average of 2.0 days, roughly 6,000 people need to be accommodated each night. The accommodation inventory suggests there is space for about 4,000 visitors on San Juan Island, so 2,000 of the ferry arrivals must be residents, or people staying in the vacant homes stock. If the “staying with friends or family” category is the same size as the vacation rental category (as indicated by ferry survey data in Figure 36), about 20% of that vacant home stock would accommodate these arriving visitors.