Host Compliance

Leelanau

Bruce McCaskill
October 2020

Leelanau Township

Cost-effective solutions to Leelanau's short-term rental registration, compliance monitoring, fraud, audit and enforcement challenges

October 2020

Agenda Today

1. Introductions
2. Leelanau and the Market Context
3. The Granicus Host Compliance Solution
4. Discussion and Next Steps

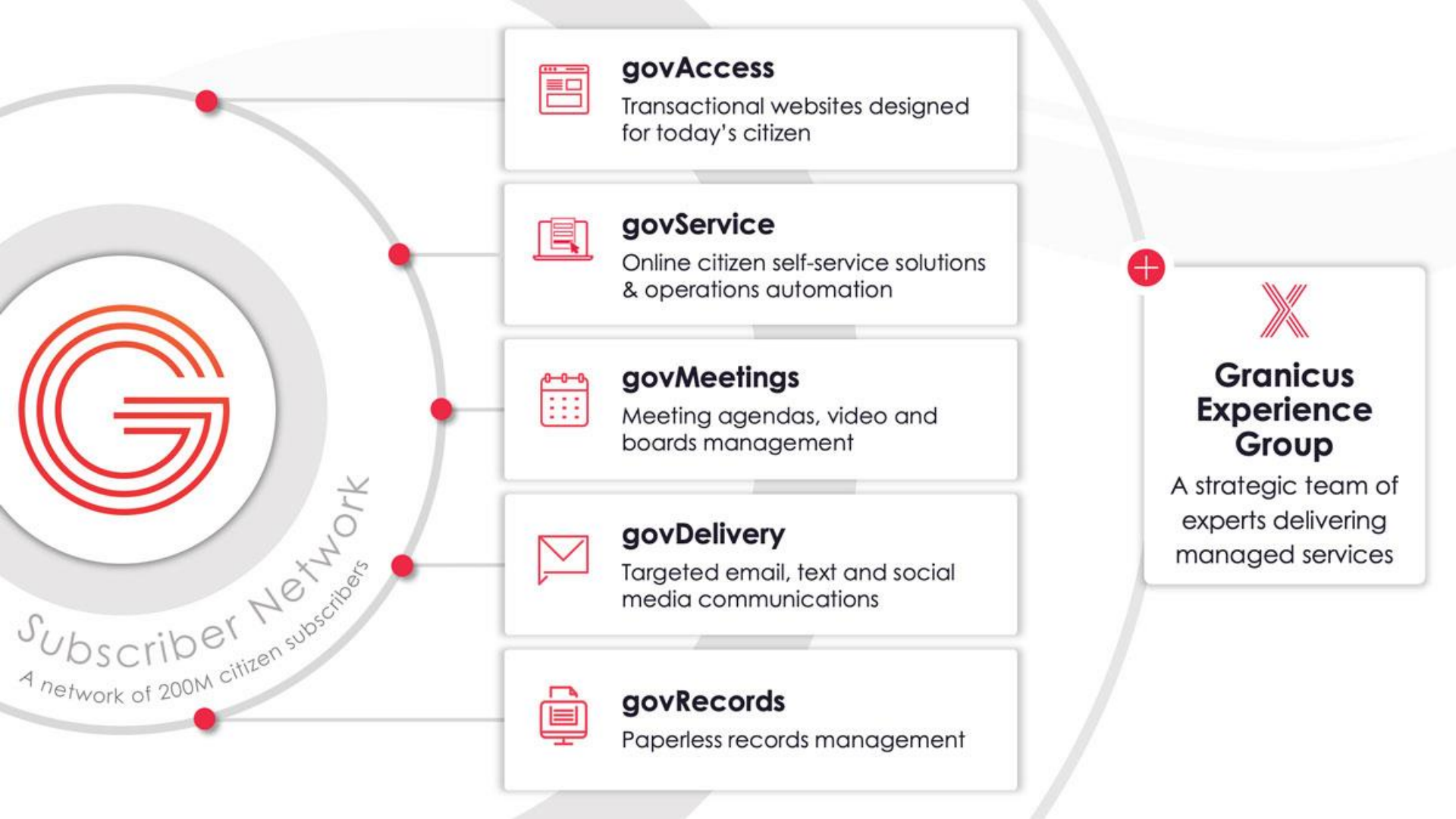
Company Introduction

Company Overview

- More than 4,500 government agencies have chosen Granicus to modernize their online services, web presence, and communications strategies.
- Granicus offers seamless digital solutions that help government:
  - Improve the customer experience
  - Simplify and automate workflows
  - Enable strategic community development
- Granicus acquired Host Compliance, a leading technology and service provider helping governments address short-term rental challenges.

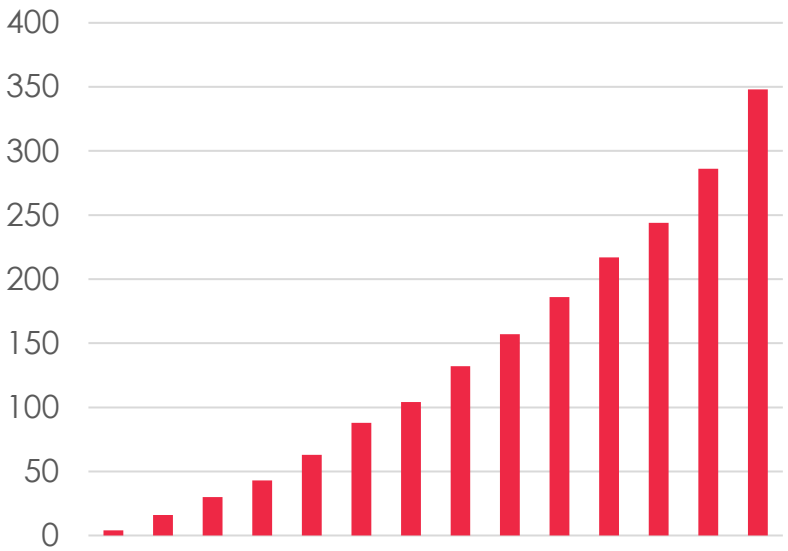
Short-Term Rental Services

- Compliance and Monitoring Software
- Proprietary and Updated Data
- Consulting and Advising Services


Subscriber Network
A network of 200M citizen subscribers
govAccess
Transactional websites designed for today's citizen
govService
Online citizen self-service solutions & operations automation
govMeetings
Meeting agendas, video and boards management
govDelivery
Targeted email, text and social media communications
govRecords
Paperless records management
Granicus Experience Group
A strategic team of experts delivering managed services

Granicus Host Compliance created the short-term rental compliance monitoring and enforcement industry and has led it in terms of innovation and thought leadership

Local Government Customer Count*



Granicus Host Compliance's work has been widely featured in local government circles…

APA American Planning Association
Making Great Communities Happen

NCSL
NATIONAL CONFERENCE OF STATE LEGISLATURES

NLC NATIONAL LEAGUE OF CITIES

ICMA
INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION

…and in popular media

CNN · The Wall Street Journal · Pew Research Center · Fox News channel · CBS News · SF Chronicle · Fast Company · npr · WIRED · Los Angeles Times · CBC news

In Michigan we are currently partnering with 12 local agencies to address their STR related challenges

- Long Lake, MI
- East Bay, MI
- Milton, MI
- Casco, MI
- Marquette, MI
- Charlevoix, MI
- Holland, MI
- Elk Rapids, MI
- South Haven, MI
- Traverse City, MI
- Suttons Bay, MI
- Elmwood, MI

In the broader Great Lakes we are already serving 23 forward-thinking local government agencies

- Rome, WI
- Long Lake, MI
- East Bay, MI
- Holland, WI
- Milton, MI
- Casco, MI
- Marquette, MI
- Normal IL
- Athens OH
- Lake Bluff, IL
- Charlevoix, MI
- Holland, MI
- Elk Rapids, MI
- South Haven, MI
- Huron, OH
- Vermilion, OH
- Traverse City, MI
- Suttons Bay, MI
- Carmel, IN
- Williams Bay, WI
- Madison, WI
- Elmwood, MI
- Green Bay Area Room Tax Commission WI

On average our 348 clients rate Granicus Host Compliance 9.5 out of 10* and highly recommend us to other local governments

"Host Compliance has been highly responsive to Public Health Madison and Dane County and exhibits excellent and quick customer service. We are happy with the low error rate of the identified properties."

"I would rate Host Compliance 10 out of 10 as your offerings are invaluable to the township. Using the dashboard and rental listings saves A LOT of time.The compilation of all the information regarding the rentals in our area is sooo critical to keeping up"

What are Leelanau's most important goals as it relates to short-term rentals?

1. Reduce noise, parking, traffic and trash-problems
2. Eliminate party houses
3. Reduce STR's impact on neighborhood character
4. Ensure building safety
5. Improve Township's responsiveness to neighbor complaints
6. Stem STR's negative impact on affordable housing availability
7. Improve permit and tax compliance to increase tax revenue
8. Ensure a level playing field between law abiding traditional lodging providers and illegal short-term rentals
9. Reduce tension between short-term rental property owners and their neighbors
10. Send a clear message to citizens that the Township takes the STR problems seriously
11. Other?

Agenda

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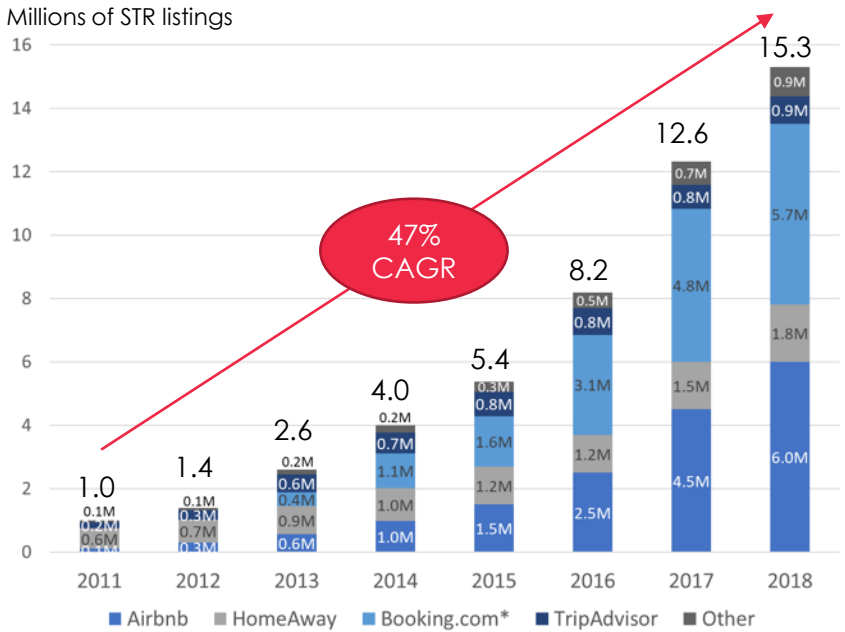
4 Discussion and Next Steps

The global short-term rental market has grown 1,530% since 2011 and continues to grow at a breakneck pace

The # of short-term rental listings has grown 15x since 2011



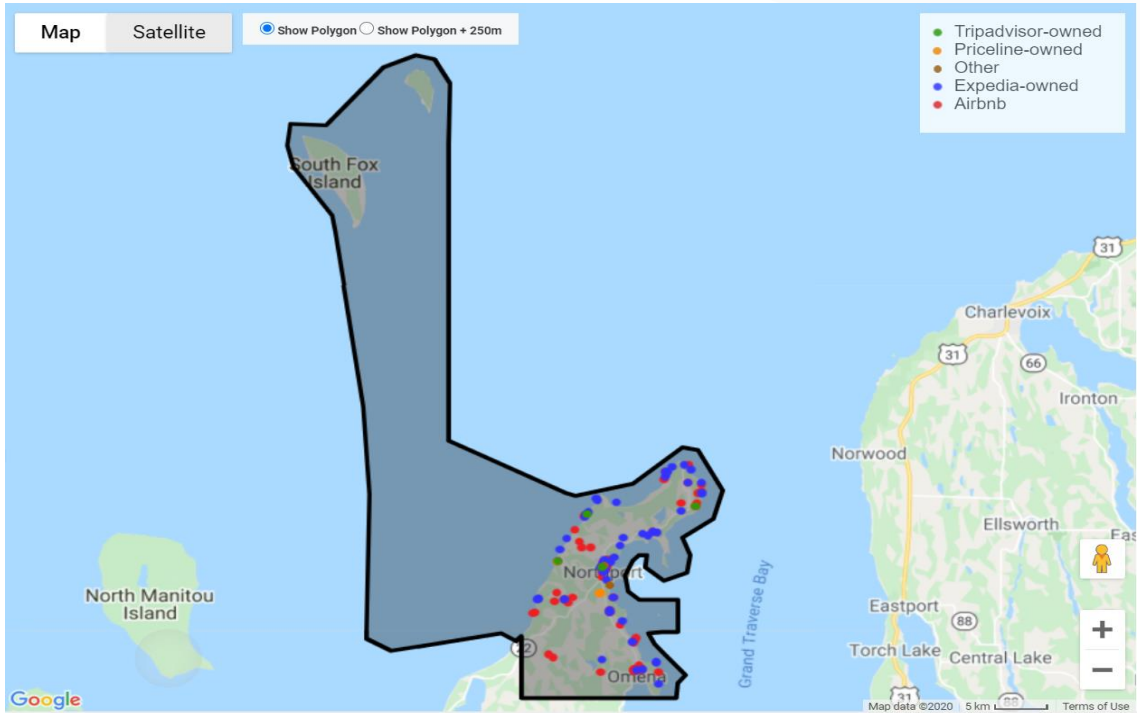
Sources: AirBnB, Expedia, TripAdvisor, Booking.com and Tripping.com

Market is fragmenting

125+ other web platforms

…and in Leelanau we have identified 134 listings, representing 121 unique rental units*

Short-term rentals in Leelanau as of October 2020

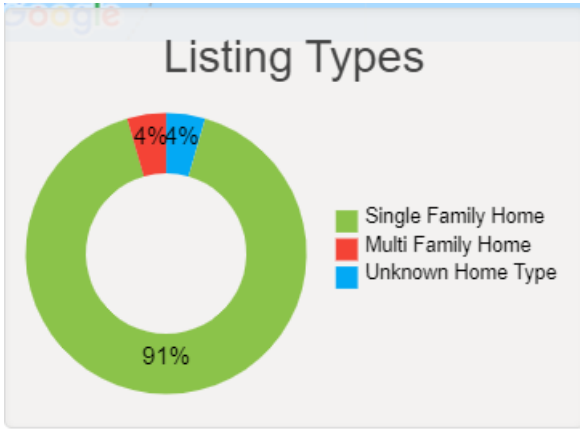


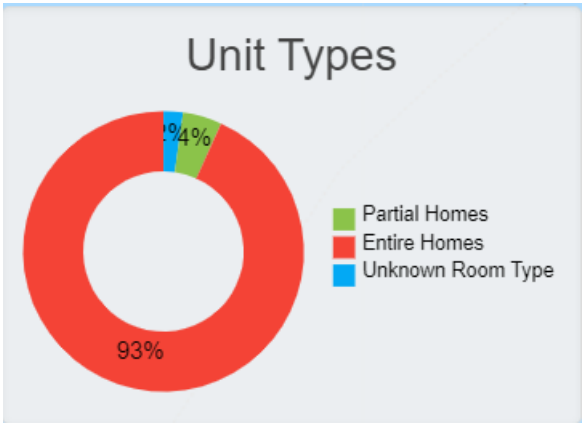
** Granicus Host Compliance's pricing is based on the count of listings and rental units that would need be to analyzed and monitored for compliance. In terms of listings, this number is 134 as we will expand our search area by several hundred yards beyond the borders of Leelanau to capture all relevant listings. Source: Granicus Host Compliance Proprietary Data*

Leelanau Data Details

Median Nightly Rate (USD)

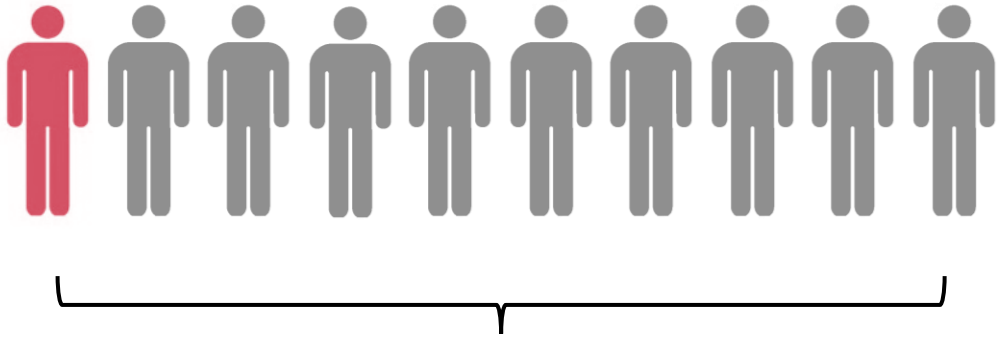
$275





Without proper enforcement, only a fraction of short-term rentals will get registered and pay their fair share of taxes

In General Less Than 10% Of STR Owners Voluntarily Get Registered And Pay All Of Their Taxes



Large potential for increasing permit/license/registration fee income and tax revenues

Manual compliance monitoring and enforcement is ineffective and expensive

- Rental property listings are spread across 100s of different websites
- Manually monitoring 100s of properties is practically impossible as listings are constantly added, changed or removed
- Address data is hidden from listings making it time-consuming or impossible to locate the exact properties and identify owners
- It is practically impossible to collect taxes as there is no easy way to find out how often the properties are rented and for how much
- The vacation rental platforms refuse to provide the detailed data necessary for enforcing local Ordinances
- Manual compliance monitoring and complaint-based enforcement often leads to claims of selective enforcement

Accelerate progress irrespective of where Leelanau is in the process of adopting and implementing effective short-term rental regulations

Pre-Ordinance

- Detailed local market data
- Online Ordinance Assistant tool
- Free webinars
- Guide To Effectively Regulating Short-term Rentals On The Local Government Level
- APA Short Term Rental Online Course
- Peer Introductions
- Free draft review
- Consulting and facilitation

Post-Ordinance

- Mobile-Enabled Online Permitting / Registration
- Address Identification
- Compliance Monitoring
- Rental Activity Monitoring
- Tax Collection
- Tax Audit Automation
- 24/7 Hotline

The Granicus Host Compliance solution can address all Leelanau's short-term rental related challenges

Mobile-Enabled Registration and Tax Collection:

Mobile/web forms and back-end systems for streamlining registration and tax collection processes and capturing required documentation, signatures and payments electronically

Address Identification:

Automated monitoring of 50+ STR websites and online dashboard with complete address information and screenshots of all identifiable STRs in Leelanau's jurisdiction

Compliance Monitoring:

Ongoing monitoring of STRs for zoning and permit compliance coupled with systematic outreach to illegal short-term rental operators (using Leelanau's form letters)

Rental Activity Monitoring and Tax Calculation Support:

Ongoing monitoring of Leelanau's STR listings for signs of rental activity. Enables data-informed tax compliance monitoring and other enforcement practices that require knowledge of STR activity level

Dedicated Hotline:

24/7 staffed telephone hotline and online platform for neighbors to report non-emergency STR problems, submit evidence and initiative automatic follow-up activities

To accommodate any budget and ensure a high ROI for our clients, our services are priced based on the number of STRs that needs to be monitored

	Cost per STR Listing/Rental Unit
Mobile-Enabled Registration/Tax Collection	TBD Per Year
Address Identification	$45.00 Per Year
Compliance Monitoring	$22.50 Per Year
Rental Activity Monitoring	$30.00 Per Year
24/7 Dedicated Hotline	$12.00 Per Year

Note: the pricing reflected is direct, list pricing in USD. The exact scope can be adjusted to meet Leelanau's exact monitoring needs in terms of geography, listing sites, listing types and other variables.

Affordable modular pricing tailored to Leelanau's needs

Mobile-Enabled Registration/Tax Collection	$5,000 Per Year
Address Identification	$6,030 Per Year
Compliance Monitoring	$2,723 Per Year
Rental Activity Monitoring	$3,630 Per Year
24/7 Dedicated Hotline	$1,452 Per Year

Note: the pricing reflected is direct, list pricing in USD. The exact scope can be adjusted to meet Leelanau's exact monitoring needs in terms of geography, listing sites, listing types and other variables.

Mobile-Enabled Registration/Tax Collection

Simplify Leelanau's registration/permitting/tax collection process and significantly reduce the administrative costs on the back-end

Mobile-Enabled Registration/Tax Collection

Make it as easy to register, submit documentation and pay for your STR license/permit/taxes as it is to make a purchase from Amazon.com

We customize the online workflow to meet Leelanau's specific Ordinance requirements

The user-experience is designed to delight citizens, reduce errors and guide applicants through the process

We let hosts pay their registration fees and taxes whichever way they prefer

We collect supporting documentation and electronic signatures to ensure compliance with all laws

Address Identification

Technology and processes make it possible to easily monitor Leelanau's STR market and find the addresses and owners of all identifiable STRs

1

Scan

We scan the world's 50+ largest STR websites for all listings in Leelanau

2

Extract

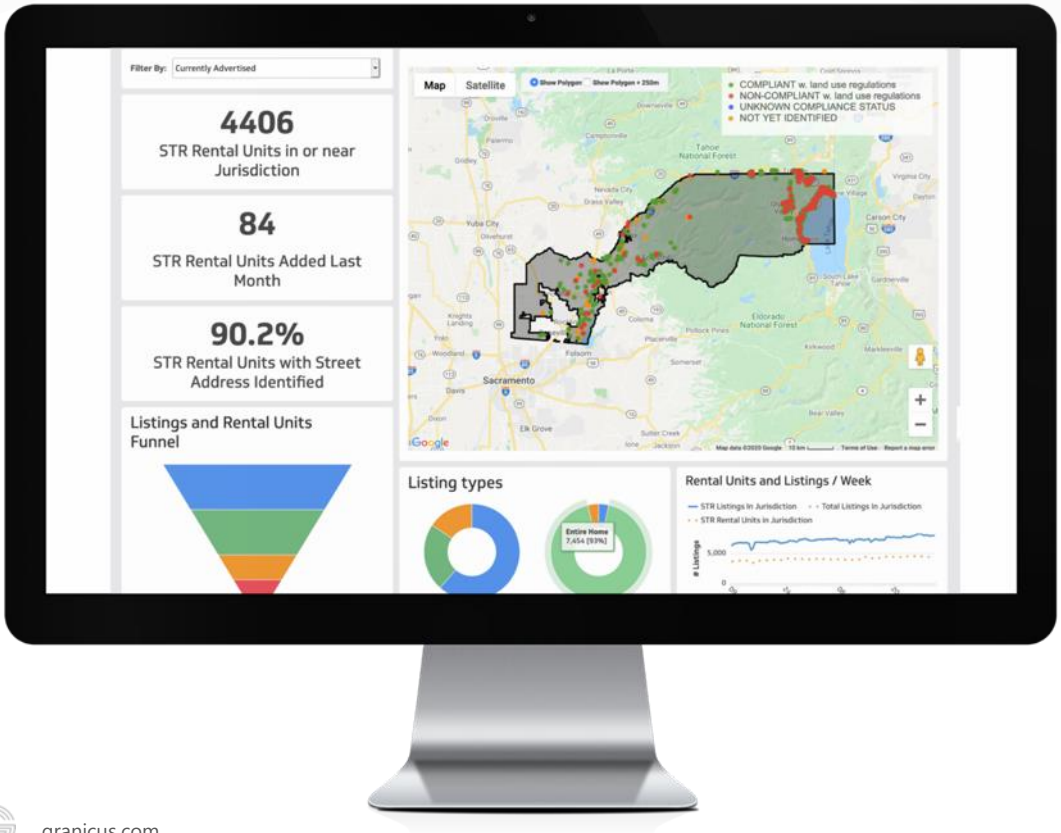
We geocode each listing and extract as much information as possible to allow our AI models to narrow down the list of possible address/owner matches

3

Combine

We combine AI and human analysts to identify the exact addresses and owner information for each identifiable STR

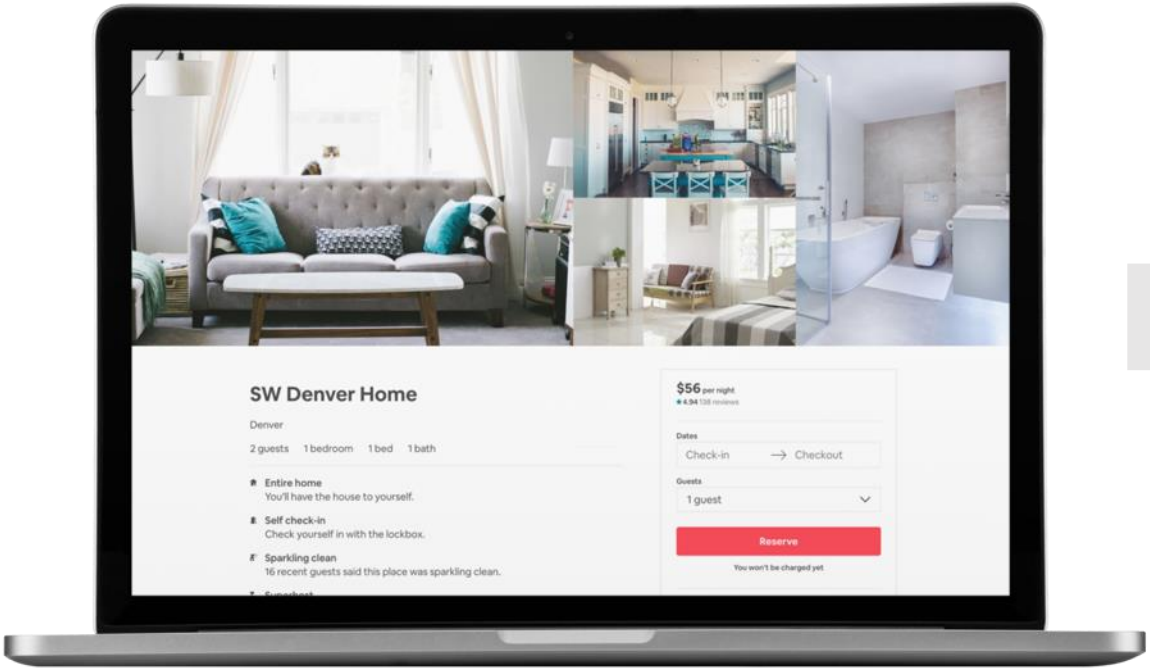
Address Identification



Granicus Host Compliance provides real-time dashboards that makes it easy for staff and elected officials to understand the current state of Leelanau's short-term rental market

Address Identification

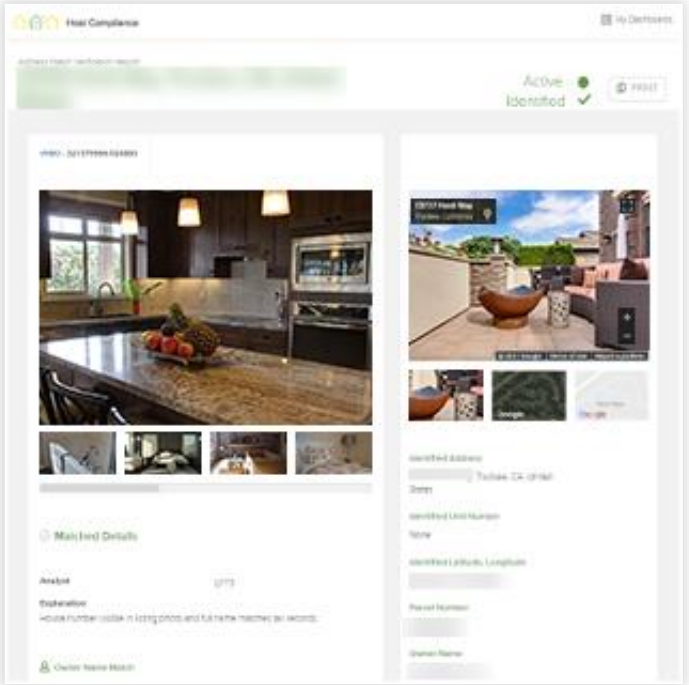
While scanning each STR platform every 3 days, Granicus Host Compliance captures listing status, metadata and full-screen screenshots which are time-stamped and made available to our clients in real time

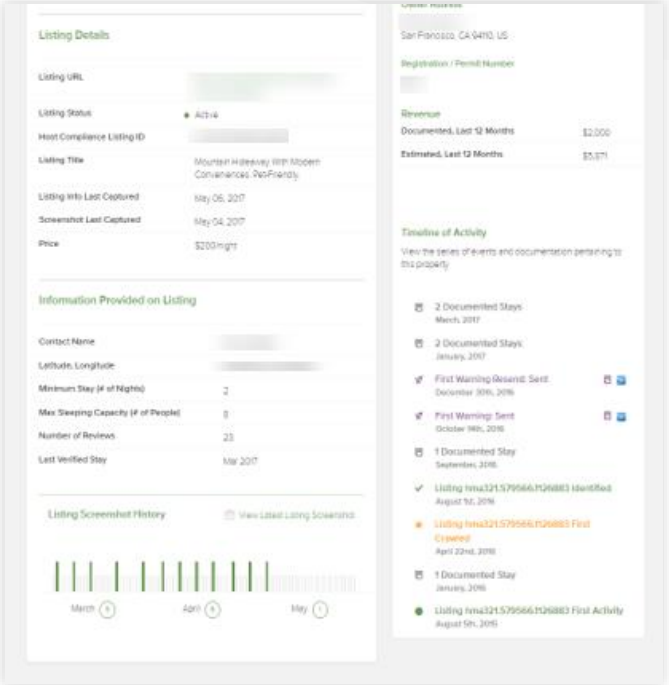


Full screen

Address Identification

The data and screenshots we collect are made available to authorized city personnel in an easy to use online dashboard and records management system

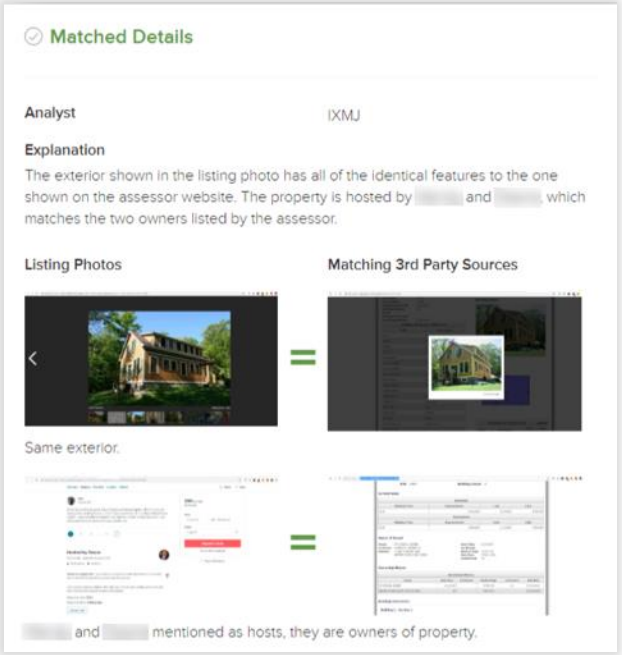




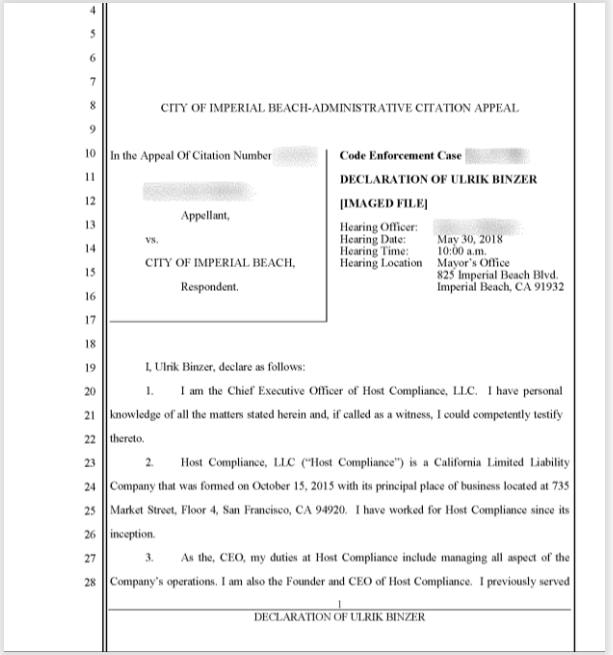
Address Identification

Our system supports all Leelanau's enforcement efforts with evidence of every address match and signed declarations, affidavits and expert testimony whenever needed

Example of Searchable Evidence



Example of Legal Declaration



CITY OF IMPERIAL BEACH-ADMINISTRATIVE CITATION APPEAL

In the Appeal Of Citation Number

Appellant,

vs.

CITY OF IMPERIAL BEACH,

Respondent.

Code Enforcement Case

DECLARATION OF ULRIK BINZER

[IMAGED FILE]

Hearing Officer:
Hearing Date: May 30, 2018
Hearing Time: 10:00 a.m.
Hearing Location Mayor's Office
825 Imperial Beach Blvd.
Imperial Beach, CA 91932

I, Ulrik Binzer, declare as follows:

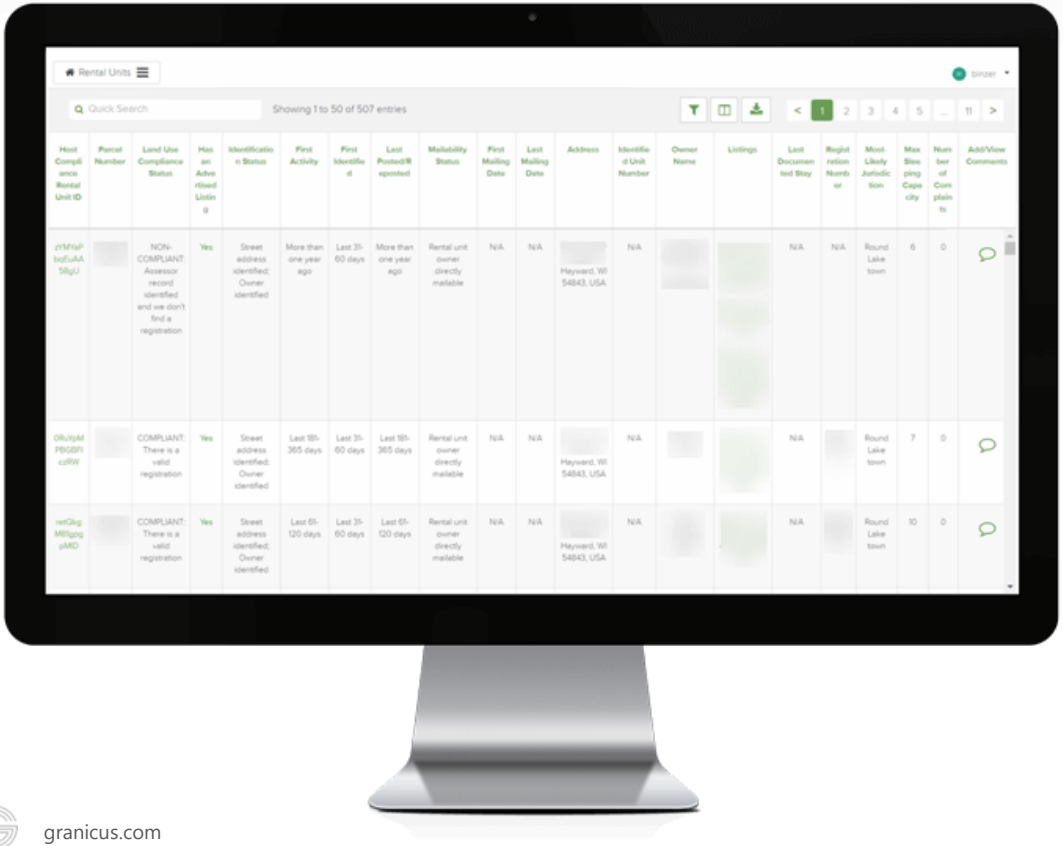
1. I am the Chief Executive Officer of Host Compliance, LLC. I have personal knowledge of all the matters stated herein and, if called as a witness, I could competently testify thereto.

2. Host Compliance, LLC ("Host Compliance") is a California Limited Liability Company that was formed on October 15, 2015 with its principal place of business located at 735 Market Street, Floor 4, San Francisco, CA 94920. I have worked for Host Compliance since its inception.

3. As the, CEO, my duties at Host Compliance include managing all aspect of the Company's operations. I am also the Founder and CEO of Host Compliance. I previously served

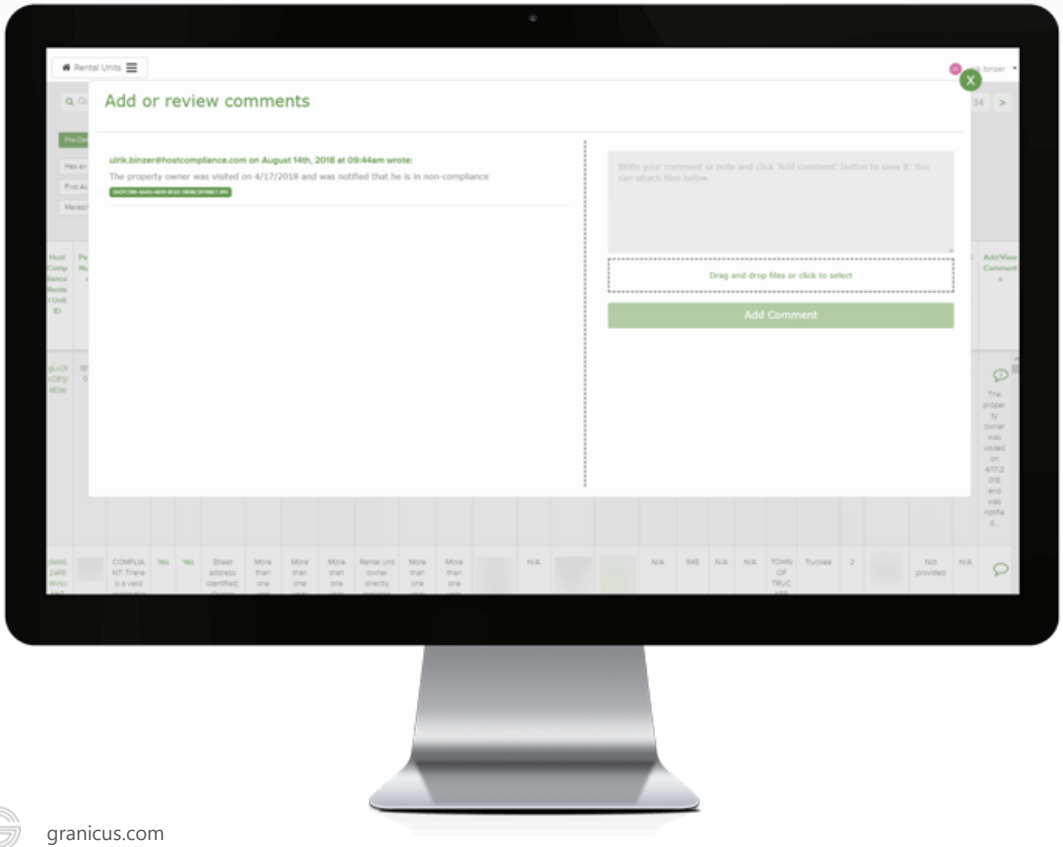
DECLARATION OF ULRIK BINZER

Address Identification



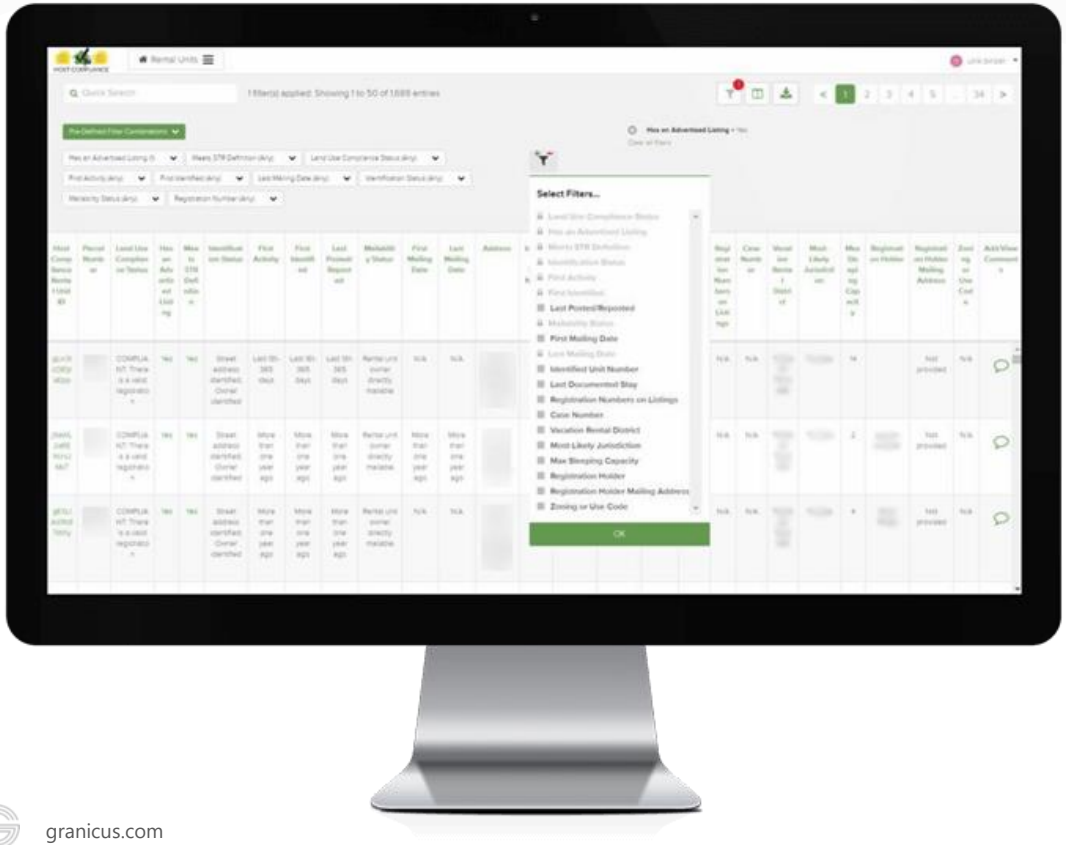
All data is made available in detailed data reports that can be customized to Leelanau's exact needs and easily downloaded into Excel/CSV format

Address Identification



Granicus Host Compliance makes it easy to track the status of individual rentals and create case notes as needed

Address Identification



All our data can be easily filtered, sorted and grouped in real-time

Compliance Monitoring

Put Leelanau's compliance monitoring and outreach efforts on auto-pilot by automating the mailing of notices to non-compliant short-term rental operators

2018-11-05

Dear

It has come to our attention that the property located at , United States has been posted as available for short-term rental without complying with the Town of Truckee's requirements, including property registration and reporting and remittance of tax. Enclosed is a screenshot of one of your online listings for this property.

As the registered owner of the property, we kindly request you submit the enclosed property registration form upon receipt of this letter. In addition, please use the enclosed tax return form to report and remit the appropriate tax from the period October 1, 2015 to current. If these taxes are reported and remitted by no later than 60 days from receipt of this letter, the Town will waive penalties and interest due based on your lack of registration and timely reporting. If you do not complete the registration process and provide payment, the Town will calculate estimated taxes due including penalties and interest and impose that amount for collection. Continued non-compliance will result in the placement of a lien on your property for the amounts due. Beginning on November 10, 2018, it will be required to include the property Registration Certificate Number (RCN) on all online rental listings.

If the property is being rented through a property management company, the enclosed forms are not necessary. Contact your property management company to ensure compliance. Compliance with short-term rental requirements is ultimately the responsibility of the property owner.

For questions or if you believe you are receiving this letter in error, please contact us at TOT@townoftruckee.com or 530-582-5280.

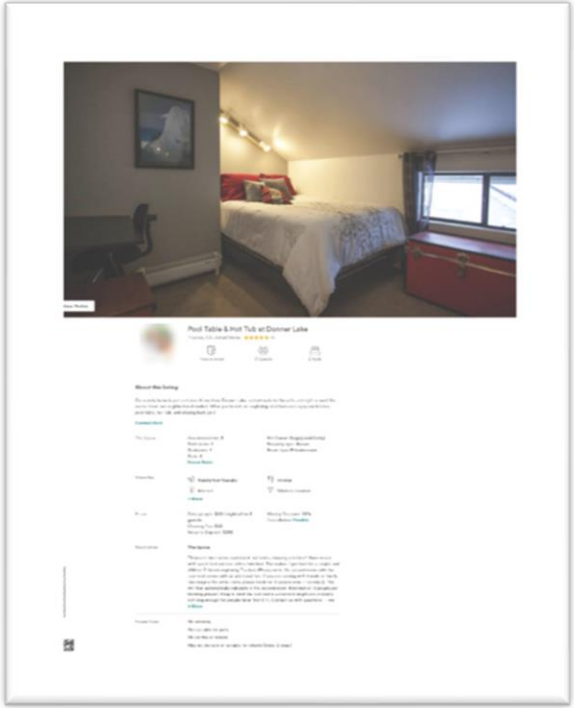
More information regarding the duties and obligations of managing a short-term rental property in the Town of Truckee can be located at www.townoftruckee.com/TOT.

Sincerely,

Administrative Services Department
Town of Truckee

Enclosures: Online listing screenshot, Registration Form, Tax Return

10183 Truckee Airport Road, Truckee, CA 96161-3306
www.townoftruckee.com
Administration: 530-582-7700 / Fax: 530-582-7700 / email: TOT@townoftruckee.com
Community Development: 530-582-7820 / Fax: 530-582-7889 / email: cdd@townoftruckee.com
Animal Services/Vehicle Abatement: 530-582-7830 / Fax: 530-582-7889 / email: animalservices@townoftruckee.com
Police Department: 530-550-2326 / Fax: 530-550-2335 / email: policedepartment@townoftruckee.com



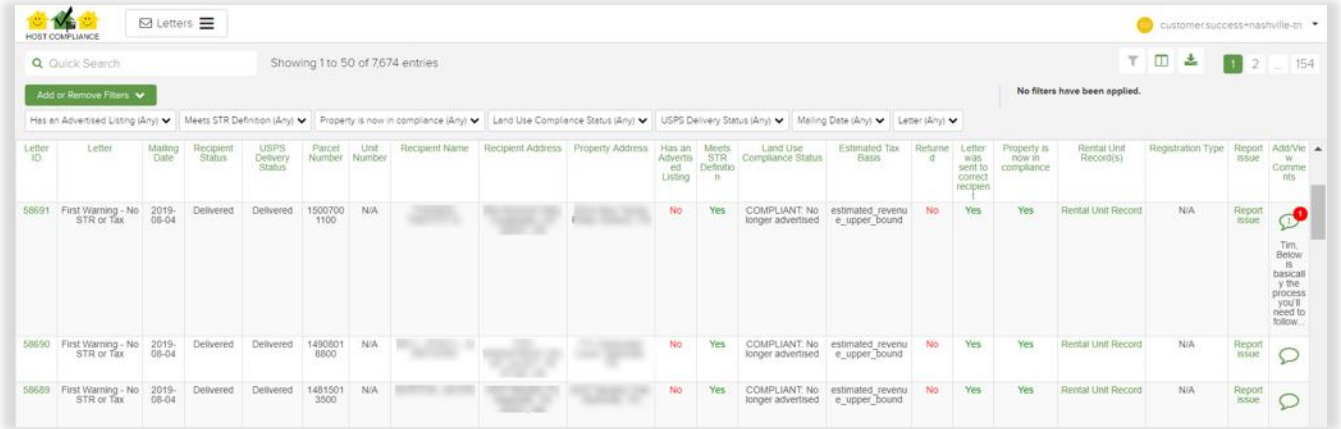
Pool Table & Hot Tub at Donner Lake

granicus.com

Compliance Monitoring

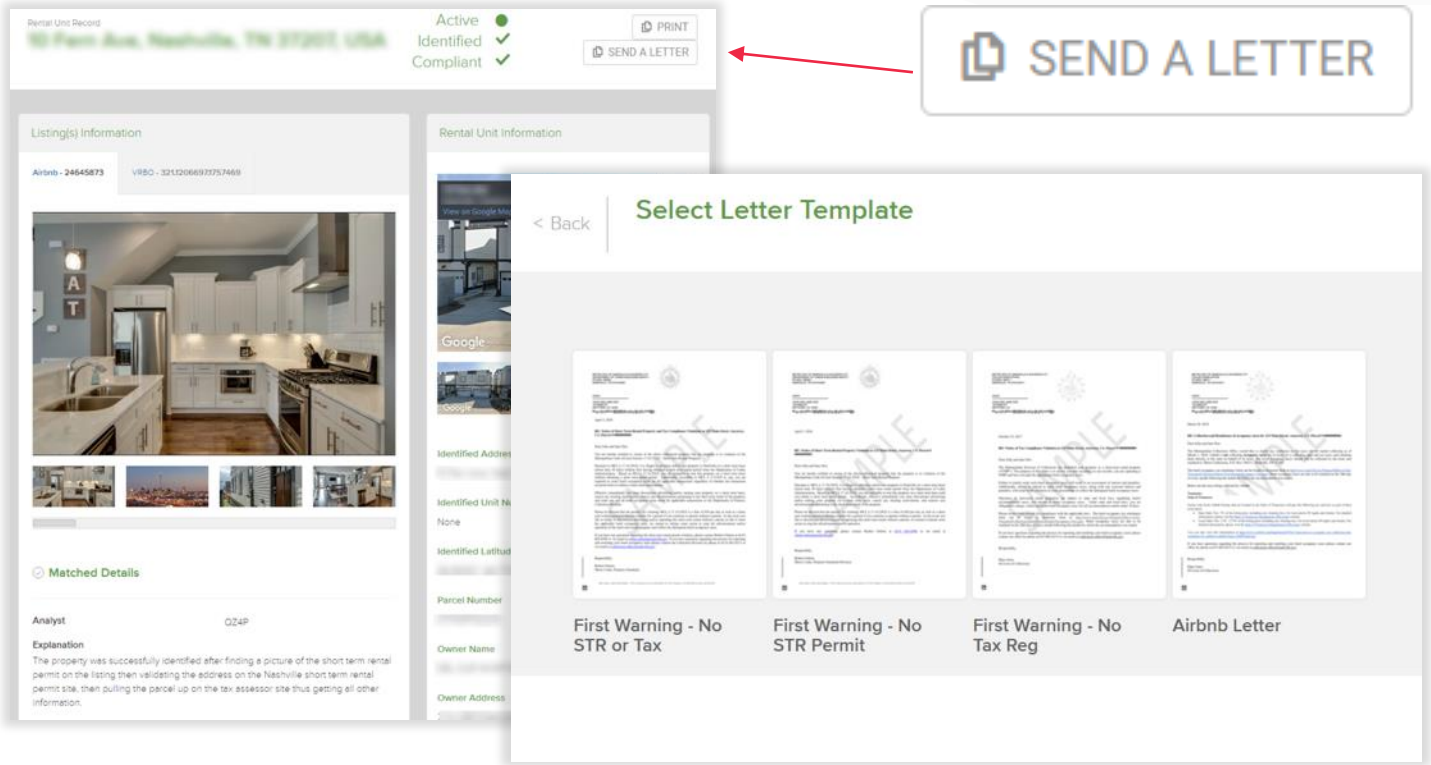
Automate the entire mailing and follow-up process and track the status and outcome of each letter in real-time

Permit Compliance Mailing Sequence

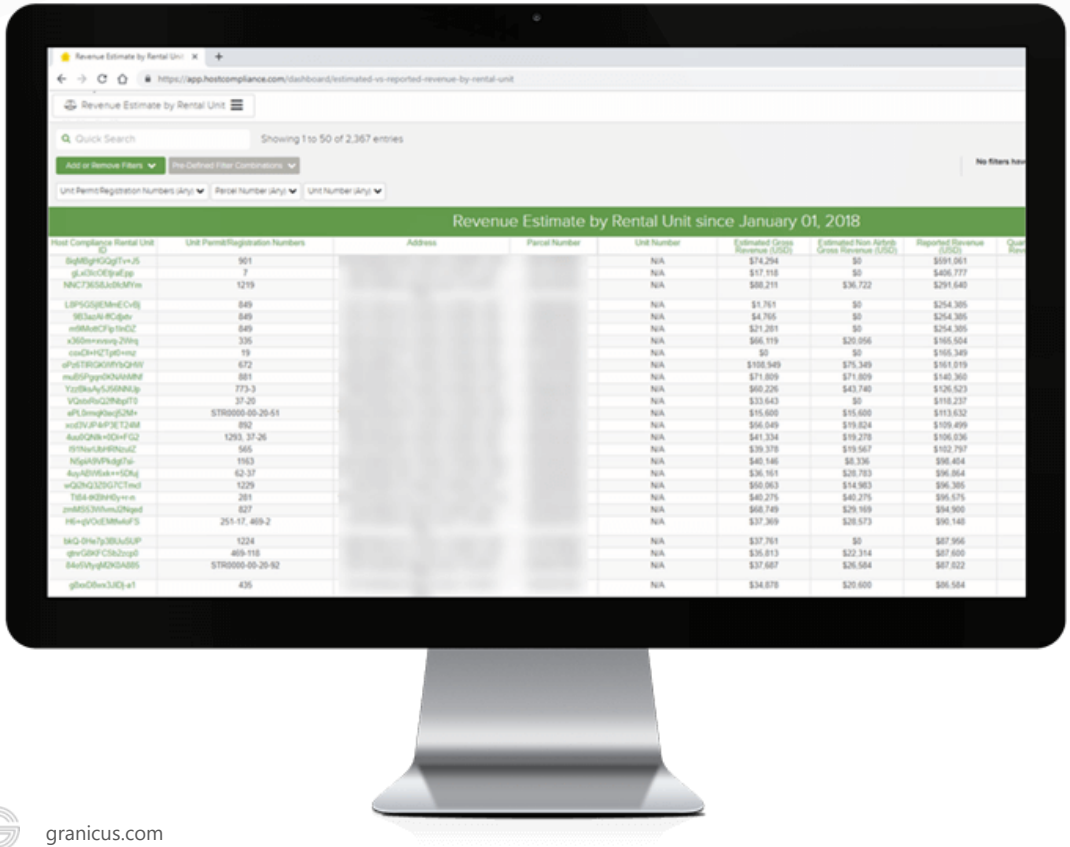


Compliance Monitoring

Stay in control but save time by having us send your enforcement letters with the click of a button



Rental Activity Monitoring



Easily identify tax fraud and occupancy/rental frequency violations by monitoring Leelanau's STR listings for signs of rental activity

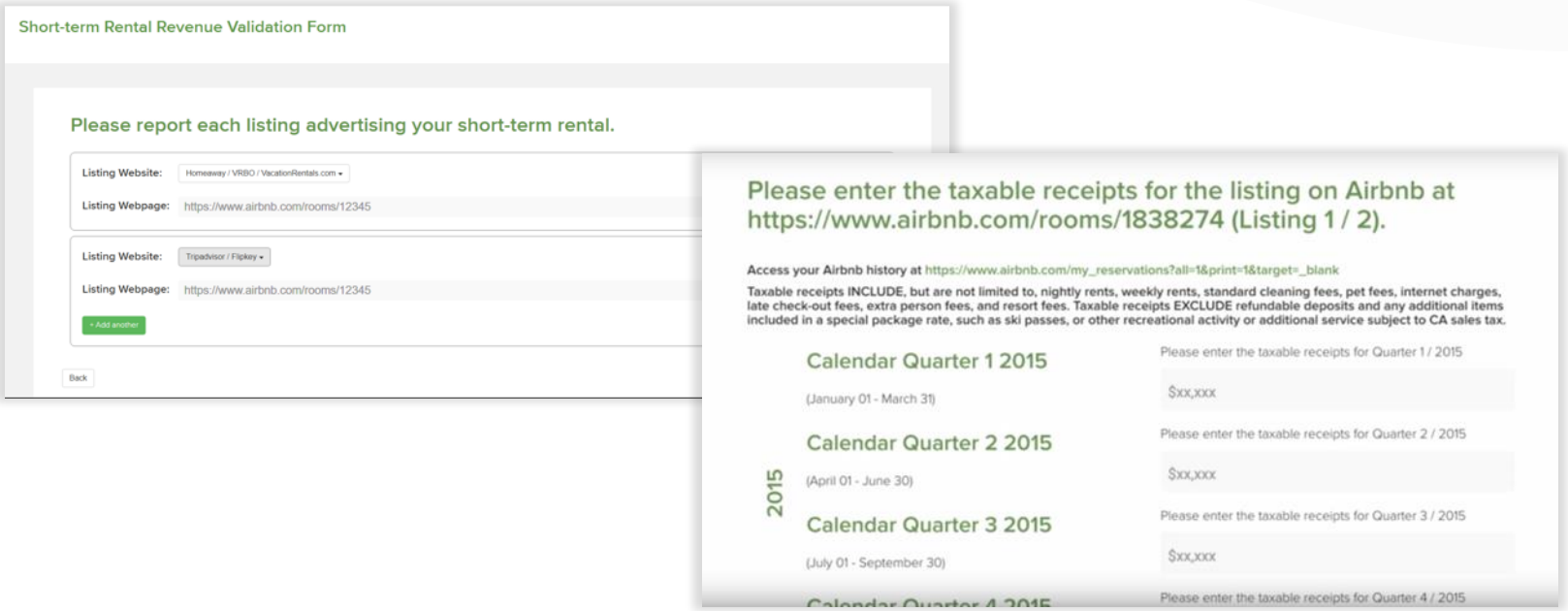
Rental Activity Audit Automation

Automate the selection of audit candidates and the issuance of audit notifications to maximize the impact of Leelanau's audit efforts

Tax under-reporting mailing sequence

Rental Activity Audit Automation

Streamline the audit process by requesting all backup info through simple, interactive online forms



24/7 STR Hotline

Make it easy for neighbors to report, substantiate and resolve non-emergency STR related incidents in real-time

1

Report

Concerned neighbor calls 24/7 short-term rental hotline or reports incident online

2

Proof

Complainant provides info on alleged incident and is asked to submit photos, videos or other proof of the alleged violation

3

Resolution

If property is registered, Granicus Host Compliance immediately calls host/emergency contact to seek resolution

4

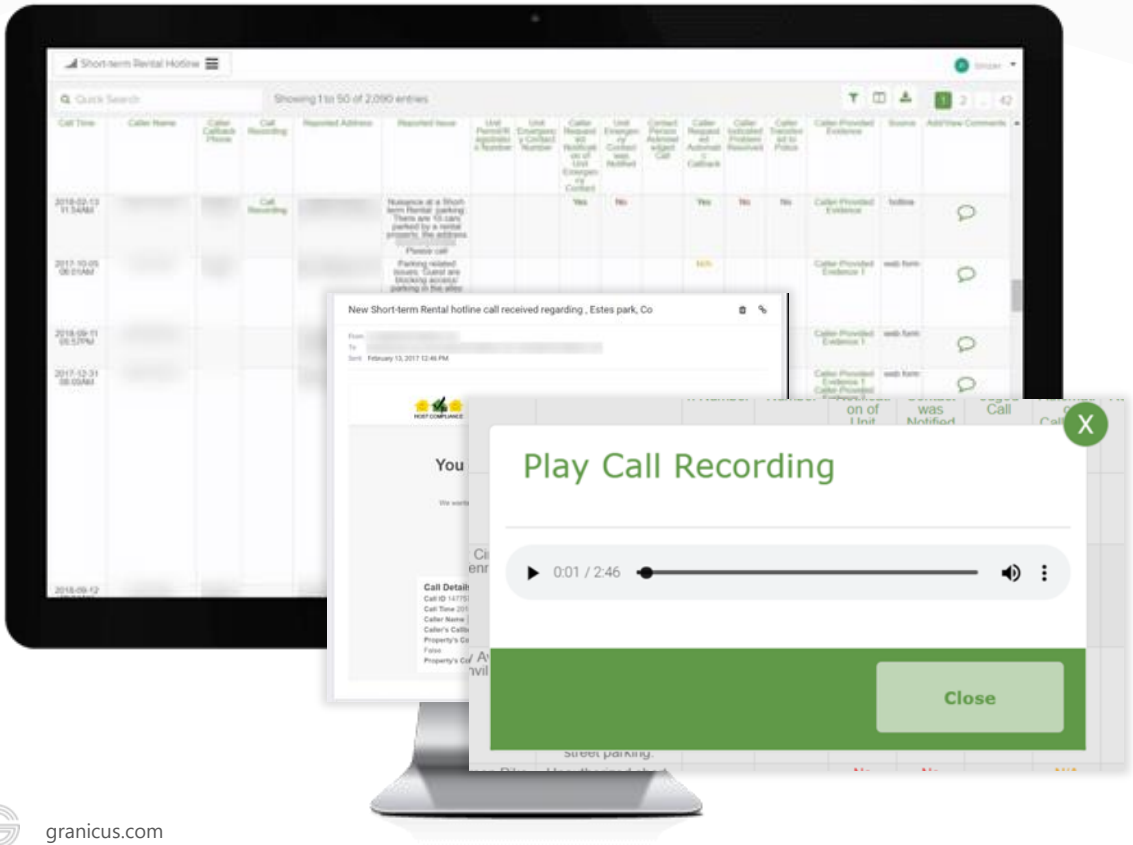
Complete

Problem solved or escalated – complaints saved in database so serial offenders can be held accountable

24/7 STR Hotline

Get detailed reports and dashboards to track all short-term rental related complaints in real-time and over time

24/7 STR Hotline



Get detailed reports and dashboards to track all short-term rental related complaints in real-time and over time

Implementation Steps and Timeline

Our Customer Success Team has already completed hundreds of implementations and can get Leelanau up and running in less than a month

Typical Address Identification Implementation Timeline

START

Contract is signed

WEEK 1

Assessor file and list of current permits / registrations is received by Granicus Host Compliance

WEEK 2

Leelanau' s private cloud is setup and background processes begin

WEEK 3

Address identification processes run in the background

WEEK 4

Online dashboard is live and populated with the initial set of Leelanau's data

Benefits to using the Host Compliance solution

- Ensures fair, continuous and consistent compliance monitoring and enforcement
- Frees up valuable staff time that can be focused on higher-value added activities
- Minimizes noise, parking and trash violations
- Minimizes the impact on local law and code enforcement agencies as complaints are first handled by our 24/7 hotline and routed to the appropriate property owner before further enforcement actions are triggered
- Maximizes Leelanau's tax and permit fee collections
- REVENUE POSITIVE – in most cases, the additional registration fees alone pays for the Granicus Host Compliance solution several times over
- Requires NO up-front investment or complicated IT integration
  -> we can be up and running in 4 weeks!

Agenda

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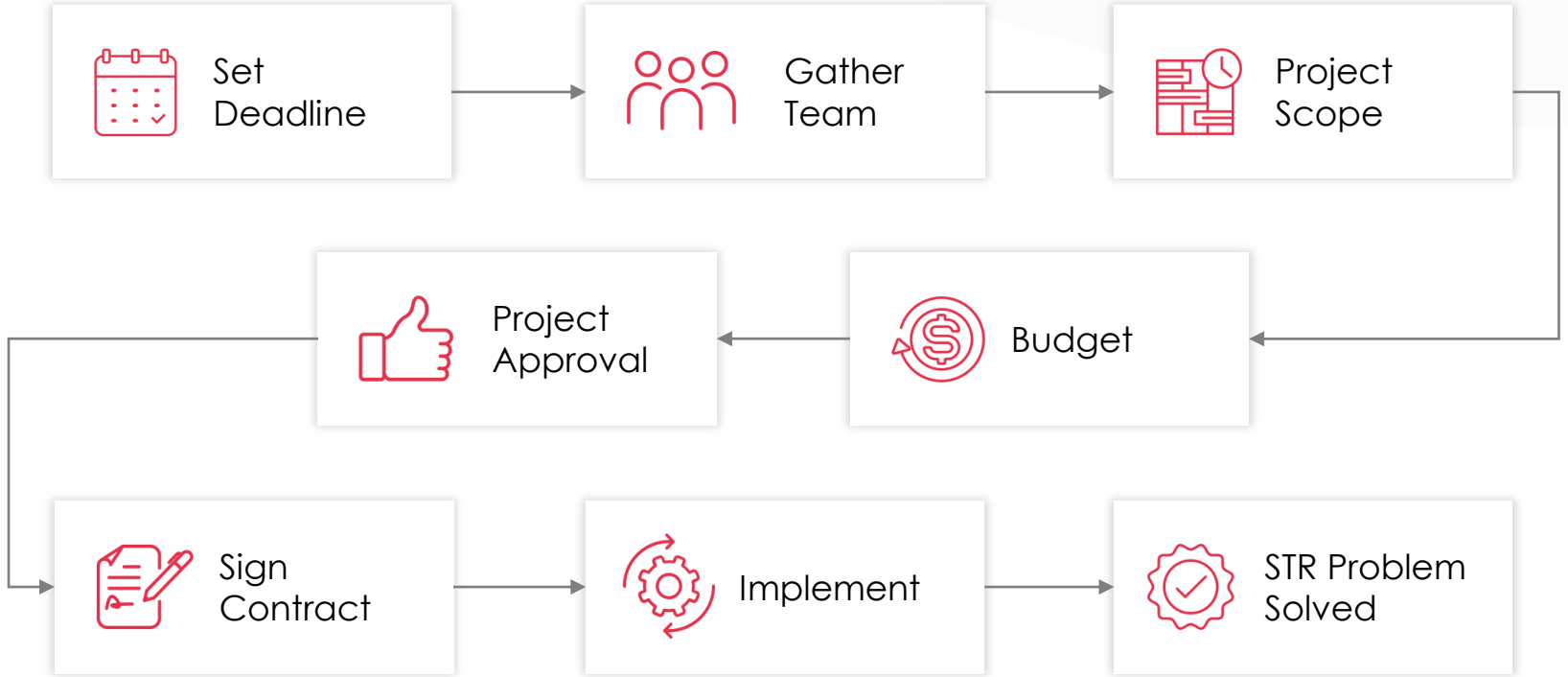
Feedback

Working backwards to a solution to address Leelanau's STR challenges



Next Steps

- ☑ Send you this presentation and meeting summary
- ☑ Schedule all team meeting?
- ☑ Set timeline to decide on best solution for Leelanau's needs
- ☑ Confirm timing of possible rollout (needed to secure Leelanau's place in the queue)

Contact Info

Please feel free to contact us anytime if you have any questions about short-term rental regulation and how to best address the associated monitoring and enforcement challenges.

Bruce McCaskill

bruce.mccaskill@granicus.com

(415) 707-0568

Unlike our competitors, Granicus Host Compliance systematically captures data from 54 major short-term rental platforms every 3 days

Abritel
Agoda.com
Airbnb.com
AlugueTemporada
BedandBreakfast.com
Belvilla
Bookabach
Booking.com
Bungalo
CanadaStays
Cofman
CyberRentals
Dobovo
e-domizil
Evolve
Expedia.com
Flat4Day
Flipkey.com
Great Rentals
HolidayLettings.com
HomeAway.co.uk
HomeAway.com
HomeAway.com.au
HomeAway.de
HomeAway.es
Homelidays.com
HomeLike
HomeStay
HouseTrip.com
HRS Holidays
Kozaza
LoveHomeSwap
LuxuryRetreats.com
MountainSkiTrips
Niumba.com
Novasol
Orbitz
OwnersDirect
PerfectPlaces
Stayz.com.au
Toprural.es
travelmob.com
TravelStaytion
Tripadvisor.com
TripBeat
Tripz
Vacasa
VacationCandy
VacationRentals.com
Villas.com
VRBO.com
WeNeedAVacation
Wimdu
9flats.com