Denver Short Term Rental Advisory Committee
February 11, 2020

Excise and Licenses
Licensing & Enforcement Updates
## Application and Disciplinary Actions

<table>
<thead>
<tr>
<th></th>
<th>Withdrawals</th>
<th>Closed Administratively</th>
<th>Denials</th>
</tr>
</thead>
<tbody>
<tr>
<td>New &amp; Renewal applications</td>
<td>243</td>
<td>122</td>
<td>51</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td>- 4 pending hearing</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td>- 7 had hearing with denial upheld</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td>- 1 waiting on recommended decision</td>
</tr>
<tr>
<td>-</td>
<td></td>
<td></td>
<td>- 39 didn’t appeal</td>
</tr>
<tr>
<td>Sent</td>
<td>494</td>
<td>208</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>- 116 issued</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>- 3 pending with CAO</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>- 28 denied</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>- 17 withdrew</td>
<td></td>
</tr>
<tr>
<td>-</td>
<td></td>
<td>- 44 investigation pending</td>
<td></td>
</tr>
<tr>
<td>Licenses ‘Show Caused’</td>
<td>12 since April 2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>1 refused by CAO</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-</td>
<td>11 resulted in revocation or surrender</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# STR Calls to 311-Yearend Totals

<table>
<thead>
<tr>
<th>CALL TYPE</th>
<th>2018</th>
<th>2019</th>
<th>2018-2019 Change</th>
<th>2020</th>
<th>Totals over time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaint</td>
<td>92</td>
<td>104</td>
<td>↑</td>
<td>13</td>
<td>209</td>
</tr>
<tr>
<td>General Inquiry</td>
<td>177</td>
<td>181</td>
<td>↑</td>
<td>16</td>
<td>374</td>
</tr>
<tr>
<td>How do I apply?</td>
<td>156</td>
<td>243</td>
<td>↑</td>
<td>19</td>
<td>418</td>
</tr>
<tr>
<td>Insufficient Application</td>
<td>110</td>
<td>183</td>
<td>↑</td>
<td>10</td>
<td>303</td>
</tr>
<tr>
<td>Notice of Violation</td>
<td>635</td>
<td>862</td>
<td>↑</td>
<td>46</td>
<td>1543</td>
</tr>
<tr>
<td>Online Issues</td>
<td>409</td>
<td>360</td>
<td>↓</td>
<td>28</td>
<td>797</td>
</tr>
<tr>
<td>Primary Residence</td>
<td>238</td>
<td>426</td>
<td>↑</td>
<td>32</td>
<td>696</td>
</tr>
<tr>
<td>Status of Application</td>
<td>126</td>
<td>517</td>
<td>↑</td>
<td>49</td>
<td>692</td>
</tr>
<tr>
<td>Surrender</td>
<td>84</td>
<td>73</td>
<td>↓</td>
<td>14</td>
<td>171</td>
</tr>
<tr>
<td>Total Calls</td>
<td>2027</td>
<td>2849</td>
<td></td>
<td>227</td>
<td>5203</td>
</tr>
</tbody>
</table>
## Lodger’s Tax Update (as of 2/10/20)

<table>
<thead>
<tr>
<th>Lodger’s Tax Accounts</th>
<th>STR Business Licenses (active)</th>
<th>Pending Applications</th>
<th>Pending Renewals</th>
<th>Difference (Tax v. Active Business Licenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,950 (as of 2/10/20)</td>
<td>2,576</td>
<td>150</td>
<td>149</td>
<td>1075</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017 Total</th>
<th>2018 Total</th>
<th>2019 YTD</th>
<th>2020 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodger’s Tax collected</td>
<td>$3.5M</td>
<td>$8.36M</td>
<td>$10.6M (partial December filings)</td>
<td>$791k</td>
</tr>
<tr>
<td>% of Lodger’s Tax collected</td>
<td>7.5%</td>
<td>10.1%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- This amount does not include OPT or license fees.
Current Events
What’s happening in the world of short-term rentals?

A state tax bill, the Primary effect, Super Fines, and Coronavirus

State bill in Colorado: State Senator Bob Gardner introduced SB20-109 to change the property tax assessment category for short-term rentals from residential to commercial. Read more here.

Economic gains in New Hampshire: Airbnb estimates that in the two weeks leading up to the NH primary, around 17,000 guests paid $2.7 million to stay in short-term rentals. Read more here.

Fines in Florida: Miami Beach issued $168,000 in fines related to illegal short-term rentals during Super Bowl weekend, including one party house with four previous citations. Read more here.

Cancellations in China: Airbnb launched a special cancellation policy for bookings in Wuhan, urging hosts to be supportive if a guest’s itinerary or plans changed suddenly. Read more here.
Old Business

- Airbnb Update
- Policy Team Update
- Updated Purpose + Requirements
Airbnb Update
Policy Updates
Policy Recommendations

Phase 1
Update current language

- Primary Residence
  - Update definition and standards for issuance
- Fees
  - Initial application fee $50
  - Annual license fee $100

Phase 2
Add new language

- Property Management Requirements
  - Research best practices and legal parameters
  - Draft provisions that protect guests, hosts, and neighbors
- Platform Accountability Provisions
  - Research cost of litigation and legal arguments
  - Work with other cities to draft effective language

Initial application fee $50
Annual license fee $100
What will this ordinance do?

This ordinance would:

1. Update the **Primary Residence Requirement** in three places: the definition, the application requirements, and standards for issuance or denial

2. Update **Licensing Fees**

3. Make **technical and grammatical changes**
Your feedback in action: Updated DRAFT

- **Definition**
  - Page 1
  - Section 33-46(4)

- **Application Requirements**
  - Page 2
  - Section 33-48(2)(e)

- **Standards of Issuance or Denial**
  - Page 4
  - Section 33-53(a)(4)
  - Section 33-53(a)(5)
  - Section 33-53(a)(7)
Updated DRAFT: Primary Residence Definition

First Draft

- “Primary residence means the place in which a person’s habitation is fixed and is the person's usual place of return.”

New Draft

- “Primary residence means the place in which a person’s habitation is fixed for the term of the license and is the person's usual place of return.”
Updated DRAFT: Application Requirements

First Draft
• “Any other legal documentation deemed sufficient by the director”

New Draft
• “Any other legal documentation deemed sufficient by the director which is pertinent to establishing primary residency”
In determining whether a location is the applicant’s primary residence for short-term rental licensing purposes, the director may consider:

(4) "An applicant’s business pursuits..."

(5) "The number of days that the short-term rental has been, or will be, rented within the calendar year"

(7) "Any other relevant information"

In determining whether a location is the applicant’s primary residence for short-term rental licensing purposes, the director may consider any of the following applicable factors:

(4) "Whether an applicant’s business pursuits...indicate that the short-term rental is the applicant’s primary residence"

(5) "Whether the amount of time that the short-term rental has been, or will be, rented within the calendar year indicates that the short-term rental is or is not the applicant’s primary residence"

(7) "Whether any other relevant information discovered by the director or submitted by the applicant indicates that the short-term rental is or is not the applicant’s primary residence"
What’s next for the Updated DRAFT?

- Announce changes at STRAC February 11
- BIZ Committee March 18
- If passed out of committee, voted on by full City Council
So what does all of this mean?

• Everyone who has been operating a short-term rental legally will **still be able to operate**!
  ➢ This ordinance provides additional avenues for those with unique circumstances to know and to show that they are compliant.

• Denver is dedicated to **protecting our largely compliant host community**.
  ➢ This ordinance ensures adherence to the intent of the primary residence requirement and allows for clear action against those attempting to skirt the primary residence rules.

• These modifications allow Denver to keep pace with the **evolution of the industry and continuously improve** the regulatory framework.

• Fees will **increase slightly** to help cover the cost of enforcement, while keeping them affordable and below national averages.
Updates to STRAC
Purpose and Requirements
STRAC Purpose and Requirements - Recommendations

**General Suggestions**
- Expand existing Purpose and Requirements Document
- Meeting Packets

**Committee Composition**
- Number of Members
- Viewpoints represented

**Committee Member Responsibilities**
- Terms of Service
- Attendance Requirements

**Subcommittees**
- Flexible Mechanism to form Subcommittees

**Meetings**
- Agenda Development
- Public Comment
New Business

- STRAC Vacancies
- 2020 Goal Setting
- New Complaint Notification
STRAC Vacancies
Goal Setting
<table>
<thead>
<tr>
<th>Value</th>
<th>Goals</th>
</tr>
</thead>
</table>
| **Protect** the **fabric and character** of Denver **neighborhoods** and the **residents** who live there | • Continue existing enforcement efforts against non-compliant hosts  
• Pursue stronger enforcement against non-compliant platforms                                                                                      |
| **Protect and support** our largely **compliant** **host community** who open their homes to our **visitors** | • Continue to attend and provide educational summits and workshops for hosts looking to learn more about Denver’s rules  
• Update the complaint process to notify hosts when a complaint has been made against their short-term rental  
• Facilitate educational roundtable discussions between hosts and DPD so hosts know how to deal with troublesome guests and protect public safety  
• Adopt compliance requirements for property management companies  
• Adopt compliance requirements specifically for platforms  
  • Requirements for transparency in tax collection + remittance  
  • Requirements for data sharing + reporting  
  • Consequences for advertising unlicensed properties  
  • Consequences for failure to comply with local laws and rules |
| Ensure that Denver is **keeping pace** with the **evolution** of the industry and finding the right regulatory **balance** | • Add new data points to the regular agendas to provide context for identifying problems and crafting solutions  
• Address risks and opportunities associated with “party houses”  
• Educate members on the different property configurations that allow for short-term rentals (ADU vs. duplex) and clarify + streamline regulations where possible  
• Identify and address the different challenges faced by neighbors of short-term rentals in single family dwellings vs. short-term rentals in multi-unit properties and adopt solutions appropriate for each  
• Address risks and opportunities facing Denver with the onset of emerging lodging models such as Sonder, Loftium, or Daydream  
• Establish regular inter-jurisdiction calls with other cities to discuss regulatory trends for short-term rentals |
New Complaint Notification System
2020 STRAC Meetings

- April 14
- June 9
- August 11
- October 13
- December 8

Meetings are scheduled for 2nd Tuesday of every other month in the Wellington Webb Building, 4th Floor.

Additional meetings can be added as needed.
Public Comment