Denver Short Term Rental Advisory Committee

October 30, 2020

Excise and Licenses
Public Comment

There will be time allotted at the **end** of the meeting for public comment.

Please use the “**raise hand**” feature on Zoom at any time during the meeting to indicate that you’d like to make a public comment at the end.

If you are calling in and cannot use the “**raise hand**” feature, you may sign up for public comment by emailing **Erica.Rogers@denvergov.org**
Platform Accountability
# Platform Accountability in other Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Platform accountability in ordinance?</th>
<th>Sued by a platform?</th>
<th>Agreement/ Settlement?</th>
<th>Penalty for non-compliant platform?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baltimore, MD</td>
<td>X</td>
<td></td>
<td></td>
<td>$1,000</td>
</tr>
<tr>
<td>Boston, MA</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>$100</td>
</tr>
<tr>
<td>Chicago, IL</td>
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<td></td>
<td></td>
<td>$1,500 - $3,000</td>
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<tr>
<td>Honolulu, HI</td>
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<td></td>
<td></td>
<td>$1,000-$10,000</td>
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<td>Louisville, KY</td>
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<td></td>
<td></td>
<td>$125</td>
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<td>X</td>
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<td>$1,000 - $5,000</td>
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<td>At least $500</td>
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<td>X</td>
<td>$750 - $1,000</td>
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<td>Seattle, WA</td>
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<td></td>
<td>$500 - $1,000</td>
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<td>Washington, DC</td>
<td>X</td>
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</table>
Ordinance Proposal

This ordinance would:

1. Define and regulate platforms that act as booking service providers for short-term rentals

2. Create penalties for booking service providers who process illegal transactions

3. Require licensees and booking service providers to keep certain records

4. Clarify existing practices for all licenses in Chapter 32
In order to regulate platforms that process short-term rental transactions, we must define the entities that qualify.

Booking service provider would be defined to mean:

“any person or entity who facilitates a transaction between a prospective guest and a person or entity offering a short-term rental”
Proposed Penalties for Processing Illegal Transactions

The ordinance would make it unlawful for
“any booking service provider to receive payment, directly or indirectly, for an unlicensed short-term rental located in the City and County of Denver.”

Any booking service provider who processes an illegal transaction would be subject to a civil penalty of $1,000.00 per violation per day.

The ordinance does not mandate which method(s) of compliance that a platform may use.
### Compliance Terms, Tools, and Methods

#### Notification Measures
**(Denver)**
- Publicly **posting notice** of all active and pending short-term rental licenses
  - Already available online
  - Updated every 24 hours
- **Email notification** of active listings that either do not have a license number displayed or have an invalid license number displayed
  - Denver has sent emails previously
  - Denver can continue this as a courtesy

#### Prevention Measures*
**(Booking Service Providers)**
- Requiring hosts to enter their license number in a **mandatory field** before allowing the host to post an advertisement
- **Verifying** the validity of a host’s valid license before allowing the host to post an advertisement using any number of methods
  - Examples could include writing a script, requiring host to upload license, etc.
- **Deactivating or removing listings** that do not have a license number listed or with an invalid license number displayed

*These are suggestions and ideas but are not all-inclusive. Booking Service Providers have the ability to determine how they come into compliance with the requirement to not process transactions for unlicensed STRs.
Case Study: Platform-led Prevention

A non-compliant host creates a listing for an unlicensed short-term rental. For platforms with a mandatory license field, this should only occur in cases of fraud by the host.

A booking service provider may identify an unlicensed listing using internal prevention measures that utilize the open data provided by the city.

The ordinance simply requires booking service providers to prevent a transaction from occurring on an unlicensed listing.

If the booking service provider processes a transaction, the City may take enforcement action, including issuing a fine to the booking service provider.
Case Study: "Notice and Takedown"

A non-compliant host creates a listing for a short-term rental that does not contain a license number. For platforms with a mandatory license field, this would be impossible.

If the city identifies such a listing, we can notify a booking service provider that they are at risk of violating the ordinance.

The booking service provider can prevent a transaction from occurring either by allowing the host to add a valid license number to the listing to bring it into compliance or by removing the listing if the host is unlicensed.

If the booking service provider processes a transaction for an unlicensed listing, the City may take enforcement action, including issuing a fine to the booking service provider.
Proposed Record-Keeping Requirements

Short-term rental licensees would be required to keep the following records for one (1) year:

- The total number of nights the STR was rented
- The dates during which the STR was rented

Booking service providers would be required to keep the following records for five (5) years:

- The person who offered the STR
- The address of the STR
- The STR license number
- The dates the STR was booked
- The price paid for each STR transaction

The Department of Excise and Licenses would be required to maintain and make publicly available a list of all licensed short-term rentals within the City at all times.
Other Proposed Changes

While updating the STR ordinance, we would also like to clarify existing practices in Chapter 32, which apply to all licenses.

These clarifications include:

- Standard procedures for hearing officers who provide recommended decisions in departmental hearings
- Standard procedures for issuing subpoenas

These clarifications to the hearing process increase transparency for all licensees and do not alter existing practices.
So what does all of this mean?

• All platforms that process transactions for short-term rental stays in Denver would be regulated.
  ➢ The ordinance lays out the responsibilities each platform must comply with, but it does not prescribe the methodology for compliance.

• To assist with investigations, hosts and platforms will be required to keep certain records.
  ➢ Many hosts and platforms currently keep these records as a standard practice.

• Allows Denver to keep pace with the evolution of the industry and continuously improve the regulatory framework.
  ➢ By regulating platforms, the responsibility for compliance is shared more evenly among the industry participants, rather than only being placed exclusively on our hosts.
What is the ordinance process?

Present policy to Mayor’s Policy Review Committee on September 25

Present DRAFT language at STRAC meeting on October 13*

Additional STRAC meeting on October 30

Present finalized language to BIZ Committee on November 4*

If passed out of committee, voted on by full City Council*

*Open meetings with time allotted for Public Comment
Questions?
Public Comment

Please use the “raise hand” feature on Zoom to indicate that you’d like to make a public comment. If you are calling in and cannot use the “raise hand” feature, you may sign up for public comment by emailing Erica.Rogers@denvergov.org

Speakers are allotted two minutes.

Alternatively, you may email written comments at any time to licenses@denvergov.org and they will be shared with the committee electronically.