

Denver Short-Term Rental Advisory Committee Meeting Minutes

April 9, 2019

1. Attendance

Participant	Organization
Molly Duplechian	Denver Department of Excise and Licenses
Brian Snow	Denver Department of Excise and Licenses
Erica Rogers	Denver Department of Excise and Licenses
Alex Cobell	Denver Department of Excise and Licenses
Chris Gaddis	Denver City Attorney's Office
Sophia Hassman	Denver Department of Finance – Treasury Division
Angela Grills	Airbnb (call-in)
Laurie Bogue	Non-Host
Susan Bailey	STR Host (call-in)
Mary Lou Fenili	Non-Host
Jack Garber	STR Host
Buffy Gilfoil	STR Host
George Mayl	Non-Host
Michael Murphy	Non-Host
David Pardo	STR Host
Cindy Sestrich	Non-Host
Cindy Wagstaff	STR Host
Charlotte Winzenburg	Non-Host
Sabrina Zunker	Denver Metro Association of Realtors

2. Agenda

- I. Introductions
- II. Old Business

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- III. Licensing and Enforcement update
 - New STR application format
 - New STR rules – effective date
 - Licensing and Enforcement data
- IV. STR Current Events
- V. 2019 STRAC Priorities, Goals, and Tasks
- VI. Public Comment
- VII. Other Items/Adjourn

3. Meeting Notes

Item	Discussion
1. Introductions	<ul style="list-style-type: none"> • Molly Duplechian (EXL) reminded the group that anyone who wants to provide a formal public comment at the end of the meeting should fill out a form.
2. Old Business	<ul style="list-style-type: none"> • Reiterating his questions from previous meetings, George asked Airbnb whether they were willing to de-list illegal/unlicensed hosts from the site. • Airbnb responded that they are looking at listings on a case-by-case basis if they discover a violation of the Airbnb terms of service, but the priority is to get unlicensed hosts licensed. • George asked if Airbnb has removed any unlicensed hosts in Denver. • Airbnb would not offer a comment. • Molly stated that Brian regularly sends Airbnb listings that the City believes to be in violation, and to our knowledge there has been no action.

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<p>3. Licensing/Enforcement updates (EXL)</p>	<ul style="list-style-type: none">• Netia began the updates by introducing the new format for STR applications. She noted that with the new rules going into effect and improved technology available, it made sense to update our application program to increase user friendliness.• New or improved features of the revamped application include:<ul style="list-style-type: none">○ Eligibility questions to make requirements clearer○ A portion that requires the applicant to affirm that they will follow rules○ A simplified address search○ A streamlined document upload process, and○ The ability to update contact information• Netia noted that her team is currently in the user feedback stage with three focus groups going through the application to provide suggestions and feedback. The new application is expected to launch in May. The application process will be updated for both new and renewal applications. Netia also invited any members of STRAC to test the new application and noted that we were especially looking for anyone who struggles with technology in order to get feedback on how to make it as simple as possible.• The group asked questions about renewal reminders and the potential to renew the STR Business License at the same time as the tax ID through treasury. Molly and Brian explained that, as with other business licenses, we send out reminders 60, 30, and 10 days before a license expires, though sometimes those reminders get sent to spam email folders. Further, Brian noted that it is unlikely to ever sync the business license and tax ID renewal due to firewalls that separate treasury information from other departments.• Next, Molly reminded the group that the new STR Rules go into effect April 10.• Molly then presented the group with an update on the YTD stats, including number of licenses and compliance rates, as well as an update on the YTD Lodger's Tax collection.<ul style="list-style-type: none">○ The city continues to see our compliance rate climb, with a decreased number of listings and a slightly increased number of licenses. The current compliance rate is 72%.○ Additionally, the discrepancy between the number of Tax ID licenses and STR licenses has decreased, which would imply that more and more people are aware that you need both to operate.
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	<ul style="list-style-type: none"> • Brian then went over enforcement numbers for Notices of Violation and Administrative Citations, as well as other enforcement updates. <ul style="list-style-type: none"> ○ With Alex coming on board to help Brian, they have been able to look at every application that comes in and have started requesting more information when necessary. ○ Out of 66 applications flagged for additional information, 12 applicants followed up with the appropriate documentation and 20 withdrew the application after being asked for more information. ○ Brian feels like this is an important step to stopping fraudulent operators before they get a license. If any of these operators create a listing without a license, we will likely catch them through Host Compliance. ○ Since the last STRAC meeting, the Director issued a Final Decision which resulted in the first revocation of an STR license in the City due to lack of primary residency. Brian hopes to follow a similar investigative model on other reported properties with a complaint regarding primary residency to revoke licenses for fraudulent operators who already have a license. He stated he has about 30-40 in the hopper. ○ Members asked how much it cost to hold the hearing to revoke the license and Molly responded that we did not track that, but we could provide a ballpark based on the time spent by Brian, Alex, the City Attorney, and the Hearing Officer. • Finally, Molly reviewed the number of complaints, noting that many now are calls regarding notices of violation as a result of Brian’s increased enforcement efforts.
<p>4. STR Current Events</p>	<ul style="list-style-type: none"> • Molly introduced a new section of the agenda that she thinks would be useful for the group. Because many members and staff spend our free time reading articles about the ever-evolving world of STRs, we could use this time to talk about any highlights. • The group discussed the changes to regulation models in Miami Beach (where large fines were imposed on illegitimate operators), New Orleans (where the city is revamping STR regulations), New Jersey (one of the first states to adopt a surcharge on STRs), and Santa Monica (where the 9th Circuit upheld a City ordinance prohibiting hosting platforms from processing unlicensed rentals after the City was sued by Airbnb).

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	<ul style="list-style-type: none"> • Many members had questions for the Airbnb representative about the implications of these changes, but Airbnb would not offer any comment. Erica noted that these are recurring questions that STRAC members have been asking meeting after meeting, and requested that Airbnb send a representative to the June meeting who would be prepared to answer the group’s questions.
<p>5. 2019 STRAC values, goals, and tasks</p>	<ul style="list-style-type: none"> • Erica presented a slide summarizing the values and goals that the group discussed at the February meeting. The slide also included suggested tasks to achieve each goal. <ul style="list-style-type: none"> ○ The number one value the group expressed was to protect the fabric and character of Denver neighborhoods. <ul style="list-style-type: none"> ▪ Goals that align with this value include ensuring that our regulations are enforceable and pursuing consistent enforcement against non-compliant hosts. ▪ Tasks to achieve these goals include issuing more orders to show cause (which may in turn lead to the revocation of additional licenses), adopting compliance requirements or guidelines for property management companies, adopting stricter consequences and increased fines for non-compliance, and considering a total body count limitation. ▪ Erin asked to include a goal and task around increasing the resources for neighbors to resolve a complaint. For example, Can we make it easier for neighbors to contact a licensee or local responsible party? ○ The second value that the group identified was to ensure that STRs in Denver do not negatively impact the housing stock for permanent residents. The main goal that aligns with this value is to bolster the definition of “primary residence” in our ordinance. <ul style="list-style-type: none"> ▪ Cindy S. and Erin discussed the issue of ADUs, and whether STRs should be allowed or prohibited in ADUs. ▪ Erica noted that the City could provide some research on how other cities handle ADUs and providing some updates at a future meeting if the group wants to develop a policy statement regarding ADUs. ▪ Sabrina agreed to send around some research on the cost of ADUs. ▪ Brian noted that he does not have many complaints regarding ADUs.

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- Cindy W. noted that she operates an STR in her ADU and it has allowed her to put her kids through college.
 - It was also requested that a goal or task in revamping the primary residence definition look at limiting the number of days of rentals and limiting the areas where STRs would be allowed.
- The third value identified by the group was to foster innovation and new business models by encouraging voluntary compliance.
 - Goals that align with this value include improving technology and user friendliness of the process and clarifying the requirements for compliance.
 - Some of the tasks to achieve this goal are already underway with the new application process that Netia introduced.
 - Other tasks include engaging in more host and community education about the new process, as well as education regarding tax licensure documentation.
- Molly noted that many of the tasks associated with the first two goals will require ordinance changes, so she suggested that the group discuss potential ordinance changes in groups at the next few meetings and presenting a package of proposed changes to council later this year.
- David and Brian discussed the location of property that was show caused and the license ultimately revoked, as well as the impact that license revocation would have in different areas of town.
 - David mentioned that revoking licenses for million-dollar homes would not have an impact on the affordable housing stock in the city.
 - Brian noted that he didn't issue show causes based on location in city or value of the property, but rather that he chose based on the complaints that would be most likely to result in effective enforcement. He also noted that some licensees who receive an order to show cause may choose to settle or surrender the license rather than go to hearing. He added that with the new rules around good cause, he'd also have additional means to seek revocation of a license other than just violation of the primary residency requirement.
 - David also mentioned certain tools to help for enforcement issues like noise and smoke and asked if these could be used in mitigation or settlement when a property has a violation. Brian noted that these could definitely be a possibility.

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6. Public Comment	<ul style="list-style-type: none">• Michael Lustig returned to deliver more information to STRAC:<ul style="list-style-type: none">○ First, he expressed frustration with the “non-answers we’re getting from Airbnb” regarding enforcement. He speculated that the company is trying to delay the answers until the company goes public with newer products and all the while collecting taxes from illegal listings. He requested that the City Attorney write a formal letter to Airbnb asking them to take down the illegal listings.○ He also informed STRAC that the new provisions in New Orleans that detail platform accountability and the 9th Circuit decision in Santa Monica would hopefully help solve some of the problems we’re seeing with illegal listings and stated his hope that Denver would also pursue this option.• Lindsay Massengale commented by asking a question about a carriage house that was built in 1887 for which she received a license for STR, but had trouble renewing. Brian agreed to talk with her after the meeting.• Fred Ris is a primary resident in a high-rise apartment building and stated that a utility bill has no useful value in establishing primary residency. He also noted his concern that when he spoke with a member of council, the council member was not well versed in the regulation of STRs in Denver.<ul style="list-style-type: none">○ Sabrina responded that the Realtors Association has been pleased by how knowledgeable most council members are about the topic.○ David and Cindy S. also mentioned that they had positive interactions with council; Cindy also noted that Brian and his team go through a lot to determine primary residency and that a utility bill is just one piece of that. She also asked whether there was a way to make document submission easier for Brian and team in order to cut down the amount of time it takes for them to do each investigation.○ Brian also noted that he relies on other information in addition to a utility bill, such as a Colorado driver’s license or state-issued ID. He noted that we are constantly improving, and that having Alex helping him and already made a difference in managing the workload.• Milo Tedstrom submitted a public comment slip, but had to leave before he was called.• Diana White lives in a high-rise in Denver and wanted to introduce herself to put a face with a name for STR operators. She shared that she operates her STR in order to take care of herself,
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	<p>and asked the STRAC to keep law-abiding operators like her in mind when crafting regulations to deal with the operators doing illegal things to ensure that regulations don't make it impossible for the law-abiding operators to continue to support themselves.</p> <ul style="list-style-type: none">• Molly closed the public comment portion of the meeting and invited people to stick around if they had further questions.
7. Next Meeting	<ul style="list-style-type: none">• The next regular meeting will be on Tuesday, June 11, 2019 at 4:00 – 5:30 p.m. The location will be our regular room in the Wellington Webb Building.