

# Denver Short-Term Rental Advisory Committee Meeting Minutes

## August 13, 2019

### 1. Attendance

<b>Participant</b>	<b>Organization</b>
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
Reggie Nubine	Denver City Attorney's Office
Chris Gaddis	Denver City Attorney's Office
Katherine O'Connor	Denver Department of Economic Development and Opportunity
Carrie Atiyeh	Visit Denver
Susan Bailey	STR Host
Mary Lou Fenili	Community Advocate
Erin Ganser	STR Host
Jack Garber	STR Host
Michael Murphy	Community Advocate
David Pardo	STR Host
Cindy Sestrich	Community Advocate
Cindy Wagstaff	STR Host
Charlotte Winzenburg	Community Advocate
Sabrina Zunker	Denver Metro Association of Realtors

### 2. Agenda

- I. Introductions
- II. Old Business
  - Airbnb Update
  - Fine Structure

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- New Application Format
- III. Licensing and Enforcement updates
- IV. STR Current Events
- V. New Business
  - Denver Housing Study
  - Platform Accountability
- VI. Public Comment

### 3. Meeting Notes

Item	Discussion
Introductions	<ul style="list-style-type: none"> <li>• Molly Duplechian opened the meeting and introduced some new city staff from Denver Economic Development and Opportunity (DEDO).               <ul style="list-style-type: none"> <li>• Katherine O’Connor – Denver Economic Development and Opportunity</li> <li>• Melissa Thate – Denver Economic Development and Opportunity</li> </ul> </li> <li>• The rest of the committee went around the table and introduced themselves.</li> </ul>
Old Business	<ul style="list-style-type: none"> <li>• There was no update from Airbnb as they were not on the phone or present at the meeting.</li> <li>• EXL announced that the new online application is now live and that they are welcoming feedback. If anyone notices any bugs or has suggestions for further improvement, please email <a href="mailto:STR@denvergov.org">STR@denvergov.org</a>.</li> </ul>
Licensing and Enforcement Update	<ul style="list-style-type: none"> <li>• The number of properties identified and licensed has remained stable from last month.               <ul style="list-style-type: none"> <li>○ Our compliance software has identified 3,500 unique STR properties that are listed in Denver, down just slightly from 3,508 in July. Of these 3,500 properties, the compliance software has identified addresses for 83% and 75% of the 3,500 properties are licensed. This means that only 8% of identified units remain unlicensed.</li> </ul> </li> </ul>

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- To date, the City has collected \$6.9 million in lodger's tax revenue. For comparison, the City collected \$3.5 million in 2017, and \$8.6 million in 2018.
  - Sabrina Zunker asked for clarification on lodging tax collections and why we are seeing such a significant increase in tax revenue since 2017.
  - Erica clarified that this increase can be attributed to two reasons. First, licensure rates have increased substantially since the STR ordinance went into effect in 2017. Second, Airbnb began collecting and remitting taxes on behalf of taxpayers in April of 2018. It should be noted that 2019 will be the first complete year in which this tax remittance system is available.
- The city reported that they had a conversation with Expedia Group about the possibility of Expedia remitting taxes on behalf of their customers. Expedia Group covers STR platforms such as HomeAway, FlipKey, and Booking.com. This could also impact the amount of lodger's tax revenue collected.
- The City reviewed the process used by the Department to review applications and enforcement tools used when complaints are filed and licensing investigations are pursued.
- The City then reviewed data regarding complaints and calls received by 311.
  - Michael Murphy asked if complaints could be broken down by month. Molly said they would try to do that, but complaints are categorized manually.
  - Susan Bailey asked about general complaints. Brian said the most common complaints are about noise, parties, trash, and related issues. Anecdotally, the Department sees these issues more often in cases where the property is not the STR operator's primary residence.
- The group had some questions about the compliance data and had some recommendations for additional data that might provide a fuller picture of compliance efforts. City staff agreed to bring additional numbers to next month's meeting.
  - Erin Ganser noted that some enforcement numbers are not showing the percentage of the total, which may not convey the scope of the problem. After discussion and clarification, it was noted that 40% of current pending applications have been flagged for enforcement review.
  - Carrie Atiyeh asked about the breakdown between new applications and renewal applications

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	<p>which have been withdrawn once an applicant has been asked to complete an affidavit. This data request will be researched.</p> <ul style="list-style-type: none"> <li>○ Cindy Sestrich asked how many STRs are currently illegal, meaning they have no license displayed. Brian Snow stated that there are 900 who we believe to be operating without a license, irrespective of whether a license number is displayed on a listing for that property.</li> </ul>
STR Current Events	<ul style="list-style-type: none"> <li>• Molly presented some recent news stories regarding STR regulations, including changes in New Orleans, LA, Oahu, HI, and Louisville, KY.</li> <li>• Cindy Sestrich asked about the fine structure in New Orleans under their new ordinance. Molly stated that a first-offense fine ranges from \$1,000 to \$10,000.</li> <li>• David Pardo asked about the updated New Orleans ordinance and if their 25% cap was on hotels. Molly said it would apply to residential buildings within commercial zones.</li> </ul>
Denver Housing Study	<ul style="list-style-type: none"> <li>• Katherine O'Connor (DEDO) gave a brief summary of her study on the effect of short-term rentals on housing costs in Denver. The study found that short-term rentals do not appear to have a significant impact on housing costs at the citywide level at this time.             <ul style="list-style-type: none"> <li>• Erica Rogers asked Katherine to clarify how the study was impacted by the city's primary residence requirement. Katherine confirmed that the study cites the city's primary residence requirement as the reason STRs have not impacted housing costs, and that without such a requirement the data would likely be substantially different.</li> </ul> </li> <li>• Sabrina Zunker observed that, according to the tax revenue numbers presented and the study that Katherine conducted, the City is making more money from STRs without impacting housing costs. She asked why then more regulation was needed.             <ul style="list-style-type: none"> <li>• Molly clarified the city was not seeking to be more restrictive but seeking to ensure compliance with the current primary residence requirement. She also noted that Denver citizens living next to unoccupied STRs might weigh costs and benefits differently than simply assessing revenue vs. housing costs at a city-wide level.</li> <li>• Sabrina Zunker said the realtors would be opposed to a 183-day minimum be added to the primary residence requirement. Erica noted her objection, and redirected the group to the topic</li> </ul> </li> </ul>

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	<p>of the housing study.</p> <ul style="list-style-type: none"> <li>• David Pardo asked if the study examined the impacts on affordability within certain neighborhoods. Katherine responded that the study was citywide, rather than neighborhood-specific.</li> <li>• Cindy Sestrich asked if there was an impact on multi-unit vs. single-unit homes. Katherine said the variable they looked at was the median increase/decrease per census tract and not by housing type.</li> <li>• Sabrina Zunker asked if there would be further study. Molly said there would be representatives from Denver Economic Development and Opportunity on STRAC going forward as well as further study and coordination.</li> </ul>
Platform Accountability	<ul style="list-style-type: none"> <li>• Erica began the policy discussion regarding platform accountability requirements by reviewing the 2019 STRAC Values, Goals, and Plans slide. She informed the audience that these values, goals, and plans were formulated by the STRAC at the beginning of the year, and that the discussions that the group has had over the summer have been based on these identified values, goals, and tasks.</li> <li>• Under Denver’s current ordinance, platforms that list STRs like Airbnb, etc. have no reason to enforce City requirements for primary residence and licensure. Specifically, STRAC had asked Erica to research what sort of requirements for transparency, data sharing, and data reporting exist in other jurisdictions and whether other cities have consequences for platforms that advertise unlicensed properties or fail to comply with other local laws and rules.</li> <li>• Erica presented on steps taken by other cities to hold platforms or management companies accountable, namely by requiring licensure, mandating certain reporting requirements, and adopting provisions that require certain management of listings (see licensing and enforcement presentation).</li> <li>• Regarding Seattle, Cindy Sestrich said the city regulates and inspects long-term rentals as well.</li> <li>• Reggie Nubine asked if there were provisions for revocation in any of these ordinances. Molly said New Orleans had such a provision.</li> <li>• David Pardo asked about the listing removal provisions and whether a platform would have access to the license database. Erica explained that these provisions typically only require platforms to send the city a report containing listings in that city, along with license number and other relevant info. Once the city</li> </ul>

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	<p>has such a report, it would be the duty of the city to inform platforms whether any listings need to be removed for non-licensure. She said the average deadline to remove a listing after being notified was 10 days.</p> <ul style="list-style-type: none"><li>• David Pardo asked about San Francisco, which has a 9-month backlog and allows listings to be posted while an application is pending. Brian said that Denver does not have that kind of backlog.</li><li>• David Pardo also brought up the cost of litigation. Erica said Denver is working with the National League of Cities on ways to coordinate and find the best way to move forward.</li><li>• David agreed that platform liability provisions would be helpful to close the loop on bad actors, but wanted to pursue the “cheapest” way to move forward. Molly said the goal is compliance with the current law which requires STRs to be licensed; platform accountability provisions would ensure that unlicensed properties would not be allowed to advertise, which would incentivize even more people to get licensed or at a minimum reduce the ability of unlicensed hosts to compete with hosts who are complying with all the rules.</li><li>• Erin Ganser said the platforms are partners and current regulations are effective. She said anything to enforce the current requirement is positive. She also said working with other cities was a great way to move forward.</li><li>• Erin Ganser also circled back to an earlier discussion about the possibility of adding a 183-day requirement to the definition of primary residence and asked where that stood in consideration. Molly explained that it was one of many ideas that was brought up at previous meetings based on what other cities have adopted, but it has not been finalized as a recommendation that would be made from STRAC to City Council. Erica explained that the plan is to bring forth a summary of the policy discussions that STRAC has had for group discussion at a future meeting, which would eventually be delivered to City Council as a set of recommendations for an ordinance update. Molly reiterated that the City is welcoming feedback on any of the options discussed, and that recommendations will be based on feedback received.</li><li>• David Pardo asked about the timeline for language moving to City Council. Molly said that will depend on how future discussions go and whether there are any drafting difficulties. She said it is possible</li></ul>
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	<p>language could be presented to councilmembers by the end of this year, but it may not be until next year.</p> <ul style="list-style-type: none"> <li>• On platform liability, Cindy Sestrich also stressed the importance of working with other cities on moving forward.</li> </ul>
Public Comment*	<ul style="list-style-type: none"> <li>• *For purposes of minutes, only first names of the those providing public comment are used. Additionally, comments received via email by those who cannot attend STRAC meetings are shared with the committee, but are not read aloud at meetings.</li> <li>• Peter– Peter spoke against a 183-day requirement for primary residence. He said his home is the only house they own but that they are “digital nomads”. They rent their house full-time, so are not able to stay in their home when they return to Denver and often stay with friends or “couch-surf.”</li> <li>• Carleen – Denver: Carleen is an interior designer for short-term rentals. She said there are many people with employment dependent on short-term rentals and asked the STRAC to keep that in mind when developing policy recommendations.</li> <li>• Jen – South City Park: Jen had a friend (Leila) speaking on her behalf regarding her complicated life situation and how much short-term renting helped them get through their troubles.</li> <li>• Kelli – Denver: Kelli also spoke against a 183-day requirement for primary residence. She stated that she just purchased her first home over several investment buyers. She said she supports the sharing economy. She works remotely and is often not at home. She said her income offsets her mortgage and supports her lifestyle. She said she can put more money into her home. She said she cannot guarantee she’ll live in her home for 183 days each year and such a requirement would hurt people like her.</li> <li>• Jordan – Denver: Jordan works for a local property management company. He said they were concerned with overreach. He said the enforcement team has been using language that is not currently in the ordinance. He gave the example of a person who runs a charity that brings him in out of the country.</li> <li>• Andy – Denver: Andy also spoke against a 183-day requirement for primary residence. He said it was a violation of property rights. He said there should be no arbitrary rules. He also mentioned the money and taxes generated by STRs.</li> </ul>

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	<ul style="list-style-type: none"><li>• Dana – Denver: Dana spoke on behalf of a host (Claire) against a 183-day requirement for primary residence. Claire splits her time between a farm in Madison, WI and Denver. She said they return to Denver for a few months after harvest. She said a 183-day requirement would impact retired people like her. She said she travels with her husband in an RV much of the year and they also visit their son in San Francisco for much of the year.</li><li>• Sandy – Denver: Sandy lives in Wash Park and travels for her work as an HR manager. She said short-term renting helps her maintain the house and save it from potential scrape by a new owner. She said a 183-day requirement makes no sense for her. She said there should be more focus on slumlords, both long-term and short-term.</li></ul>
Other Items/Adjourn	<ul style="list-style-type: none"><li>• Molly thanked the speakers and stated that the City team would take into advisement all of the feedback received. As mentioned, the team will be compiling a summary of the different policy options discussed over the last few months.</li></ul>