

Denver Short-Term Rental Advisory Committee Meeting Minutes December 10, 2019

1. Attendance

STRAC Members	Representing	Present?
Carrie Atiyeh	Visit Denver	✓
Laurie Bogue	Non-Host	
Susan Bailey	STR Host	✓
Mary Lou Fenili	Community Advocate	✓
Councilman Kevin Flynn	City Council District 2	
Erin Ganser	STR Host	✓
Jack Garber	STR Host	
Buffy Gilfoil	STR Host	✓
Amie Mayhew	Colorado Hotel & Lodging Association	
George Mayl	INC	
Monisha Merchant	Airbnb	✓
Michael Murphy	Community Advocate	✓
David Pardo	STR Property Manager	✓
Councilwoman Amanda Sawyer	City Council District 5	✓
Cindy Sestrich	Community Advocate	✓
Cindy Wagstaff	STR Host	✓
Charlotte Winzenburg	Community Advocate	✓
Sabrina Zunker	Denver Metro Association of Realtors	✓

Other City Members	Department	Present
Councilwoman Candi CdeBaca	City Council District 9	✓
Molly Duplechian	Excise and Licenses	✓
Chris Gaddis	City Attorney's Office	✓
Sophia Hassman	Department of Finance	✓
Melissa Thate	Department of Housing Stability (HOST)	✓
Erica Rogers	Excise and Licenses	✓
Brian Snow	Excise and Licenses	✓

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2. Agenda

- I. Introductions
- II. Old Business
 - Airbnb Update
- III. Licensing and Enforcement updates
- IV. STR Current Events
- V. Lodger's Tax 101
- VI. Policy Updates
- VII. STRAC Meeting Standards
- VIII. New Business
 - 2020 Meeting Dates
- IX. Public Comment
- X. Other Items/Adjourn

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3. Meeting Notes

Item	Discussion
Introductions	<ul style="list-style-type: none"> Molly Duplechian opened the meeting and the committee introduced themselves.
Old Business	<ul style="list-style-type: none"> Monisha Merchant introduced herself as the new Airbnb representative assigned to Denver. She spoke about a willingness to work together to achieve the goals that the STRAC has outlined.
Licensing and Enforcement Updates	<ul style="list-style-type: none"> Molly went over the most recent STR Compliance/Trends information – see slide #4 of the 12.10.19 STRAC presentation. The percentage of advertisements showing a valid Denver license remains high at 78%. Molly also provided an update on the YTD Lodger’s Tax information – see slide #5 of the 12.10.19 STRAC presentation. We’ve seen an increase in the difference between tax licenses and business licenses since July, though it’s hard to speculate why this might be. We continue to see an increase in the Lodger’s Tax being collected this year. As of October 31, 2019, the City has collected \$10.1 million in Lodger’s Tax, surpassing the total of \$8.36 million collected in 2018 and the \$3.5 million collected in 2017. Molly next reviewed the types of calls the Department receives regarding STRs – see slide #6 of the 12.10.19 STRAC presentation. By and large we receive the most calls regarding payment or questions regarding a notice of violation. Other topics that receive a lot of calls include complaints or questions about primary residence and the status of an application. Brian went over the most recent enforcement data – see slide #7 of the 12.10.19 STRAC presentation. Brian noted that having three levels of administrative citations has seen a tremendous success in that 83% of citations resulted in compliance, many of these upon receipt of a first-level citation of \$150. Brian also presented some data regarding the enforcement of the primary residence requirement through the use of our affidavit of primary residence – see slide #8 of the 12.10.19 STRAC presentation. The Department recognizes that sometimes our hosts have unique work or personal circumstances, so whenever the submitted documentation or other evidence indicates a discrepancy, we send the applicant or licensee an affidavit of primary residence to complete and return. This tool allows truly compliant hosts who may have unique situations to affirm that they do live at the location where they

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	<p>are seeking a license. It also provides amnesty for applicants to withdraw an application if, for example, they applied before completely understanding the rules regarding primary residency. It can also aid in preventing fraudulent applications from being processed.</p> <ul style="list-style-type: none"> ○ Most of the time, the Department will send an affidavit at the application or renewal phase. Out of 408 instances where we’ve sent these affidavits since March 1, 2019, about half (199) have resulted in an application being withdrawn. About a quarter (99) have resulted in a license being issued or renewed. 92 cases have been closed administratively, and 53 cases are still open. ○ The Department can also send an affidavit upon the receipt of a complaint. This has only been done 47 times since March 1, 2019, and most times (20) the license is surrendered voluntarily. <ul style="list-style-type: none"> ● One member asked if the Department was still using Host Compliance to help with enforcement. Brian answered yes.
STR Current Events	<ul style="list-style-type: none"> ● Molly presented recent news stories from Colorado Springs, Miami Beach, Jersey City, and Malibu, as well as some national trends. See slides #11 and #12 of 12.10.19 STRAC presentation. ● Molly and Erica both noted some local news in Denver, commending a group of Denver hosts who joined together to host the first ever “Good Neighbor Summit” in November. Erica and Brian attended the event, and Erica mentioned how encouraging it was to see so many hosts from Denver and surrounding communities gather to discuss how to be not just compliant, but how to go above and beyond to welcome guests to Denver in a way that was beneficial to local businesses and respectful to neighbors. ● David Pardo shared a hard copy summary from the event with members of the STRAC. ● Sabrina Zunker asked if other members had heard news from Austin, TX where a STR ordinance was ruled unconstitutional. Molly mentioned that we would research and include it at our next meeting and reminded members that they are welcome to share any news they see that they feel is relevant since we sometimes miss things with all the STR news happening daily.
Lodger’s Tax 101	<ul style="list-style-type: none"> ● In response to a suggestion from Carrie Atiyeh, Molly provided an overview of Lodger’s Tax in the City. See slides #13 and #14 of the 12.10.19 STRAC presentation. ● At previous meetings, there have been questions about where the money goes that is collected from STR Lodger’s Tax. Molly explained the City’s budgeting model, whereby most revenue goes into the City’s General Fund, and from there the Mayor and City Council make decisions about priorities and how to fund the priorities using General Fund dollars. This model allows for projects and departments that

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	<p>don't bring in revenue to receive funding, and it explains why EXL does not receive every dollar collected from short-term rentals.</p> <ul style="list-style-type: none"> • Sabrina noted that it was exciting to see the growth in how much Lodger's Tax was going into the General Fund. • Buffy Gilfoil asked how hosts could ensure that guests with a nonprofit, charitable, or religious organization could have their taxes exempted. Sophia answered that if a tax-exempt organization booked the reservation directly, they could have it exempted. Susan Baily asked if there was a field where guests could input that information. Sophia noted that that would be more of an ask for Airbnb or other websites processing the transactions, but the city would honor any claim for a refund with proper documentation. • Susan then asked if there are any other taxes where the City earmarks a portion for staffing or specific costs, or if the money always goes to the General Fund. Molly noted that, for example, all sales tax goes into the General Fund but some voter-approved incremental tax increases are dedicated for specific purposes. However, the majority of revenue goes into the General Fund, and operations are not typically funded by dedicated revenue sources. • Sabrina asked what the steps would be to create a dedicated revenue source, and Molly noted that it would depend on the proposal. Councilwoman CdeBaca noted that she would look into whether more money could be dedicated to something like affordable housing. • Carrie commented that Denver is in the top 15-20 cities for Lodger's Tax rates, compared to peer jurisdictions, and that it can have an impact on whether visitors and tourists decide to choose Denver as a destination. Carrie also mentioned that most visitors to Denver indicate that they are visiting for leisure, rather than business. Sophia noted that the 14.75% rate can add up quickly for hosts, who may pass on additional tax costs to guests.
Policy Updates	<ul style="list-style-type: none"> • Erica reviewed the updates from the policy team. She first went over a slide that laid out the general process EXL undergoes each time we update an existing license or create a new license. See slide #16 of the 12.10.19 STRAC presentation. • Erica then revisited the STRAC Values, Goals, and Plans slide that has guided the work of the staff this year. See slide #17 of the 12.10.19 STRAC presentation. She noted that we have completed several of the suggested tasks in the far right-hand column, with the remaining tasks requiring a legislative change,

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	<p>rather than a Departmental policy change. She also revisited the Policy Recommendations provided by the STRAC to break these legislative changes into two phases. See slide #18 of the 12.10.19 STRAC presentation.</p> <ul style="list-style-type: none"> • Finally, Erica noted the timeline for pursuing these legislative changes. See slide #19 of the 12.10.19 STRAC presentation. She noted that Phase 1 is scheduled to be considered by the Administration’s Policy Review Committee (PRC) on Friday, December 13. If the PRC gives the Department the “thumbs-up,” the policy team can start scheduling briefings with City Council members and formally request an ordinance change. Erica noted that if PRC approves Phase One, we would be able to provide some DRAFT ordinance language to the group for input early in 2020.
STRAC Meeting Standards	<ul style="list-style-type: none"> • At the last STRAC meeting, Susan volunteered to lead a group of interested committee members in discussing STRAC meeting standards. • Erica first provided some background on the existing one-page document that outlines the purpose and requirements for STRAC, including time commitment, member responsibilities, and public input. See slide #20 of the 12.10.19 STRAC presentation. • Susan then reviewed the process that the group used to discuss modifications to the meeting standards. See slide #21 of the 12.10.19 STRAC presentation. After that, Susan reviewed the group’s recommendations for changes to the STRAC purpose and requirements document. See slide #22 of the 12.10.19 STRAC presentation. • The group discussed the various recommendations, including committee composition and how some members wear many hats. Michael Murphey noted that it isn’t always black and white whether someone is a host or non-host. Sometimes members may start off on the committee as a neighbor and choose to host, or vice versa. Additionally, several members are also guests of short-term rentals, and some hold relevant positions on HOAs or other community groups where STR experience is relevant. Sabrina agreed with Michael’s remarks. Mary Lou noted that parity was important so that each group of stakeholders felt that their views were being represented. Councilwoman CdeBaca also noted that there are other ways to diversify the group outside of just role in the community, which David and others have expressed previously. • Erica noted that she would take into consideration all of the committee’s comments and feedback and put together a draft of an expanded STRAC Purpose and Requirements document for review.

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New Business	<ul style="list-style-type: none"> • Molly announced the 2020 meeting dates for STRAC, noting that meetings are always scheduled for the second Tuesday of every other month. She noted that additional meetings can be added as the group sees necessary, especially as we get updates on the legislative recommendations put forward by the group. • Erica mentioned that the City would advise the group of the results of the PRC proposal to assess whether a January meeting is necessary.
Public Comment*	<ul style="list-style-type: none"> • *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. • Aneissa – Aneissa noted that it was her first time at a STRAC meeting and that she appreciated what the group is doing. She stated that she thinks STRs can be beneficial for all users if done properly. She wanted to bring attention to a survey that was completed by hosts who attended the Good Neighbor Summit. She stated that the results provide useful information on the positive impacts of short-term rentals and offered to share the results with the committee. • Jim – Jim is a host and community advocate. He asked what the next steps are beyond enforcement, noting that parking, trash, and noise are ongoing issues that hosts are responsible for when they have guests. He asked if one requirement of a license could be for a host to have extra trash cans or if EXL could provide a way for hosts to request and pay for additional trash pickup to keep neighbors happy. He also suggested requirements for hosts to have noise sensors to prevent guest noise and aid in investigations where noise has caused a disturbance. Finally, he asked about the complaint system and noted a suggestion that has been previously provided whereby hosts are notified when a complaint has been filed against them so they can commit to resolving the issue before it gets out of control. • Gretchen – Gretchen is a host and owner of a cleaning company. She attended the Good Neighbor Summit and had concerns regarding “party houses” and the issues that have been highlighted in the news recently. She wanted to know what kind of support is available to hosts when they become aware that they have a problematic guest. She suggested a roundtable where hosts could discuss concerns with DPD to ensure that they are following proper procedures and are aware of the resources available.

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	<ul style="list-style-type: none"> • Mollie – Mollie is a first-time STRAC attendee who had questions about ADU usage for short-term rentals. She relayed her personal experience where she had built an ADU for her parents and raised several questions about the alignment of STR rules for ADU’s and the building and zoning codes. Molly Duplechian mentioned that a representative from Zoning would be in attendance at the February meeting to address some ongoing questions we’ve received about ADU’s. • Amanda – Amanda has been a host for several years and expressed her concern over the definition of primary residence. She noted that short-term rentals have been a huge help to her quality of life and that she hopes to continue to share her home. She travels often for work, so she’s anxious to see the changes that the group proposes for primary residence. She also voiced her support for the idea of a system where hosts can be informed of complaints filed against them so they could take proper steps to solving any issues ahead of a citation. • Alex – Alex is a host who provided his solutions for two different issues. First, he addressed the meeting flow, and asked if it was possible to distribute materials online ahead of meetings so the public could see what would be discussed ahead of time. Second, he noted that he appreciated the information on Lodger’s Tax and asked the Councilmembers present if it would be possible to do something different with Lodger’s Tax funds than payment on debt projects like the Convention Center.
Other Items/Adjourn	<ul style="list-style-type: none"> • Molly thanked the speakers and closed the meeting.
Next meeting	<ul style="list-style-type: none"> • Tuesday, February 11, 2020 at 4:00 p.m. in 4.F.6 of the Wellington Webb Building (201 W. Colfax Avenue). • If the group decides to have a meeting in January, it will be held on Tuesday, January 14, 2020. If the group decides to meet, an announcement will go out via the Denver Short-Term Rental bulletin, which anyone may sign up for using this link.