

# Denver Short Term Rental Advisory Committee

April 9, 2019

Excise and Licenses

# New STR Application

**Our online STR application is getting a facelift this May**



- ❖ **New Rules to Implement**
- ❖ **Improved Technology Available**
- ❖ **Enhance the Customer Experience**

# New STR Application

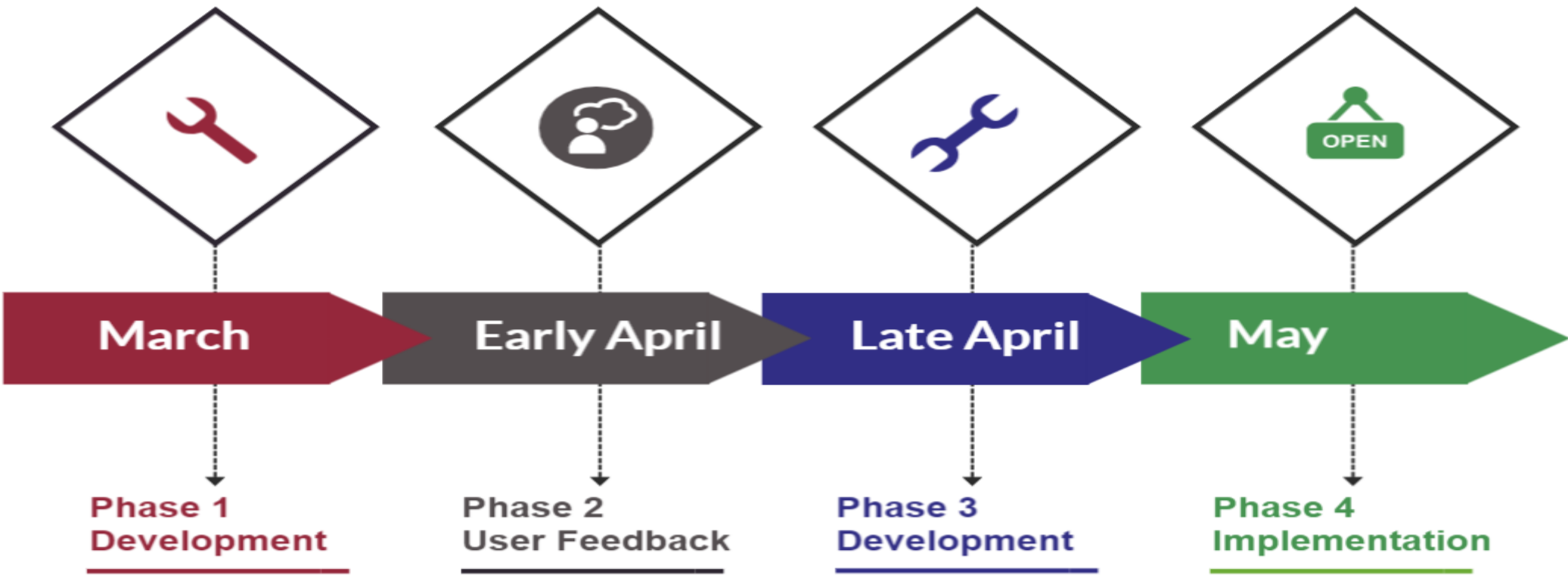
## WHAT TO EXPECT?

- Eligibility questions
- Sworn agreement to follow STR rules
- Simplified address search
- Streamlined document upload process
- Ability to update contact info & LRP



**A SIMPLIFIED APPLICATION THAT PROVIDES MORE INFORMATION**

# NEW STR APPLICATION - PROJECT APPROACH AND TIMELINE




Want to provide user feedback? Please e-mail [Alex.Cobell@denvergov.org](mailto:Alex.Cobell@denvergov.org) to get signed up to participate.



## RULES GOVERNING SHORT TERM RENTAL LICENSES

Effective Date  
4/10/19

Approved as to Form and Legality

  
Kristin M Bronson  
City Attorney  
City & County of Denver

Date: 1/29/19

Approved and Adopted

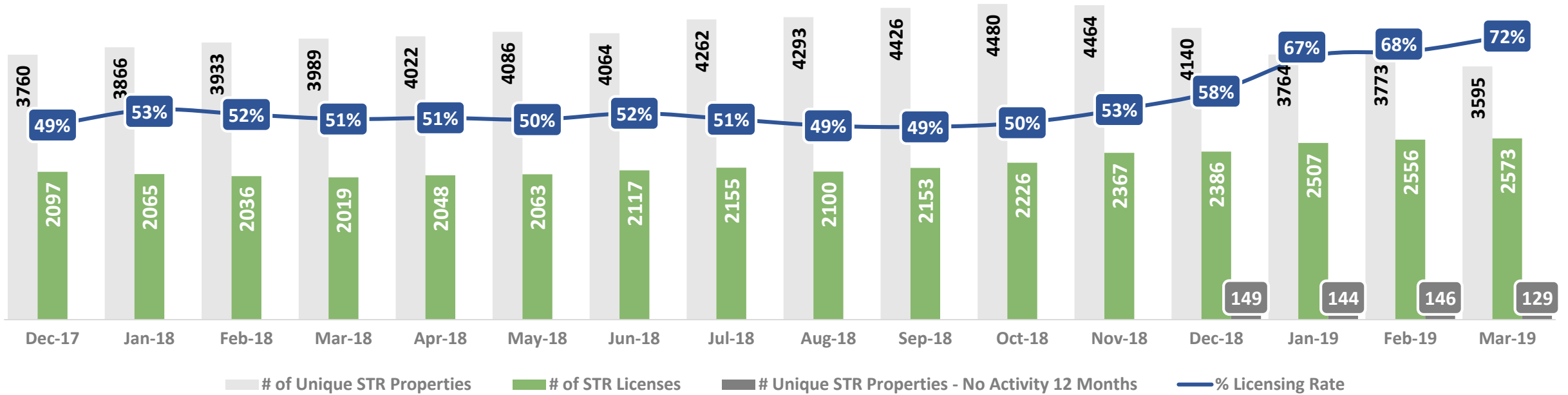
  
Ashley R Kilroy  
Executive Director  
Excise and Licenses

Date: 1/25/19

# New STR Rules

- Effective April 10, 2019
- Requires affidavit of compliance with insurance requirements, including:
  - Notification to insurance company of STR use
  - Maintaining liability insurance to cover STR use in an amount no less than \$1M
  - Notification to HOA of STR use, if applicable
- Requires notification to the City of a change to the STR Local Responsible Party/General Manager within 30 days of the change
- Allows for a license to be denied, revoked, not renewed or suspended for 'good cause'
  - Good cause = evidence the STR has been operated in a manner that adversely affects the public health, safety, or welfare of the immediate neighborhood OR evidence the licensee has violated or failed to comply with any of the terms of the license

# STR Compliance/Trends



	Feb-19	Mar-19	MoM
# of Unique STR Properties - Active	3,773	3,595	-5%
# Unique STR Properties - No Activity 12 Months	146	129	-12%
# of STR Licenses	2,556	2,573	1%
% of Units Identified	85%	82%	-3%
% Licensing Rate	68%	72%	6%

## Lodger's Tax Update (as of 4/5/19)

Lodger's Tax Accounts	STR Business Licenses (active)	Pending Applications	Pending Renewals	Difference (Tax v. Active Business Licenses)
3,393 (as of 4/2/19)	2,573	154	178	488 (down from 601 in February)

	2017 Total	2018 Total	2019 YTD
Lodger's Tax collected	\$3.5M	\$8.36M	\$2.9M
% of Lodger's Tax collected		7.5%	12.8%

- This amount does not include OPT or license fees.

# STR Enforcement

Enforcement Tool	Violation	Volume	Outcome
Notice of Violation	Advertising without a license	2055 since 5/17/18	<ul style="list-style-type: none"> <li>• 172 sent 04/08/19</li> <li>• 899 removed advertisement</li> <li>• 1809 valid and past cure date - 377 still out of compliance</li> </ul>
Administrative Citations-Level 1 (\$150)	Continuing to advertise without a license	676 since 6/9/18	<ul style="list-style-type: none"> <li>• 356 paid</li> <li>• 469 into compliance</li> </ul>
Administrative Citations-Level 2 (\$500)	Continuing to advertise without a license	107 since 6/9/18	<ul style="list-style-type: none"> <li>• 23 remain out of compliance</li> <li>• 84 into compliance</li> </ul>
Application Review	Questionable upon review of application submittal	66 new applications	<ul style="list-style-type: none"> <li>• 12 provided necessary primary residence documents and were issued</li> <li>• 20 were withdrawn when further documents requested</li> </ul>
Investigation Reports	Complaint based	<p>1 Show Cause hearing completed</p> <p>6 pending denials/order to show cause</p> <p>8 Investigations completed</p>	<ul style="list-style-type: none"> <li>• License was revoked</li> <li>• One had hearing, two are scheduled, and three are waiting for city attorney</li> <li>• To be written this week</li> </ul>



# STR Complaints

## Complaints-Volume

3,357 since 1/1/18

## Type

- 777 application issues
- 1,157 calls regarding a notice of violation
- 296 non-primary residence complaints
- 113 general complaints
- 97 calls regarding surrendering a license
- 184 calls regarding an insufficient application

# STR Current Events

- Miami Beach: Airbnb has sued Miami Beach for regulations being “overly burdensome”, specifically for a rule “that requires platforms only to allow posts from hosts with resort tax registration and business license numbers” and “ requires home-sharing platforms to remove listings in neighborhoods that...don’t allow short-term rentals”.
  - Owners caught renting illegally are fined \$20,000 the first time they are caught, with the fine going up in \$20,000 increments for every subsequent time they are caught. On a second violation there can be an added \$25,000 enhanced fine if the home is 5,000 square feet or larger.
  - 3/9/18: [Airbnb and Miami Are at War. Travelers Are Caught in the Crossfire.](#)
- New Orleans: adopted new laws in January making it illegal to convert “whole home” investment properties into STRs in residential zones.
  - 3/13/19: ['Like a ghost town': how short-term rentals dim New Orleans legacy](#)
- New Jersey: one of the first big states to adopt a surcharge (11.6%) on short-term rentals.
  - 3/12/19: ['Airbnb Tax' in N.J. Opens New Front in Battle Over Internet Economy](#)
  - Mass also adopted a tax of 5.7% in December of 2018.
  - Critics warn new tax will impact tourism rates.
- Santa Monica: HomeAway and Airbnb vs. The City of Santa Monica 9<sup>th</sup> Circuit decision “confirms the City’s right to regulate home sharing in order to protect its limited housing stock for residents”.
  - The decision upholds the Santa Monica ordinance that prohibits hosting platforms from processing unlicensed rentals and clarifies interpretation of the Communications Decency Act through upholding the data sharing requirements.

# STRAC Values, Goals, and Plans

Value	Goals	Suggested Tasks
Protect the fabric and character of Denver neighborhoods and the residents who live there	<ul style="list-style-type: none"> <li>Ensure that regulations are enforceable</li> <li>Pursue consistent enforcement against non-compliant hosts and hosting platforms</li> </ul>	<ul style="list-style-type: none"> <li>Adopt compliance requirements/guidelines for hosting platforms                             <ul style="list-style-type: none"> <li>Requirements for transparency in tax collection + remittance</li> <li>Requirements for data sharing/reporting</li> <li>Consequences for advertising unlicensed properties</li> <li>Consequences for failure to comply with local laws and rules</li> </ul> </li> <li>Issue more orders to show cause against non-compliant operators and address back log of primary residence complaints</li> <li>Adopt compliance requirements/guidelines for property management companies</li> <li>Adopt stricter consequences and increase fines for non-compliance</li> </ul>
Ensure STRs do not negatively impact the housing stock for permanent residents	<ul style="list-style-type: none"> <li>Bolster “primary residence” requirement</li> </ul>	<ul style="list-style-type: none"> <li>Clarify definition of “primary residence” and/or “place of normal return for housing” by updating the STR ordinance and/or zoning code</li> <li>Address different problems faced by non-compliant hosts in single family dwellings vs. multi-unit properties</li> </ul>
Foster innovation and new business models by encouraging voluntary compliance	<ul style="list-style-type: none"> <li>Improve technology and user friendliness of process</li> <li>Clarify requirements for compliance</li> </ul>	<ul style="list-style-type: none"> <li>Update the online application and renewal process</li> <li>Engage in community outreach by hosting workshops for hosts and real estate agents to explain laws and rules and answer questions</li> <li>Pursue strategies for more clarity and transparency in tax and licensure documentation available to hosts from City and hosting platforms</li> </ul>

Next STRAC meeting:  
June 11, 2019

2019 Dates:  
(2<sup>nd</sup> Tuesday of every other month)  
8/13/19  
10/8/19  
12/10/19