Denver Short Term Rental Advisory Committee

August 11, 2020

Excise and Licenses
Licensing & Enforcement Updates
STR Licensing Trends

- # Unique Properties: 2,694
- # Active STR Licenses: 2,205
- Licensing Rate: 81.8%

Graph showing trends from January to December, with key points labeled:
- January: 3,728 (# Unique Properties) 71.5%
- March: 3,403 (# Active Licenses) 75.7%
- December: 2,575 (# Unique Properties)

Additional notes:
- Compliance %: # Active Licenses / Unique Properties
- 3/19: 2,666 (1/2)
311 STR Data and Trends

<table>
<thead>
<tr>
<th>Applications and Renewals</th>
<th>Administrative Citation or Notice of Violation</th>
<th>Inquiries &amp; Questions</th>
<th>Property Complaints</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 YTD</td>
<td>253</td>
<td>151</td>
<td>358</td>
<td>186</td>
</tr>
<tr>
<td>2019</td>
<td>943</td>
<td>862</td>
<td>541</td>
<td>426</td>
</tr>
</tbody>
</table>
311 Data and Trends

- Administrative Citation or Notice of Violation
- Applications & Renewals
- Inquiries & Questions
- Property Complaints
- Other

January:
- Administrative Citation or Notice of Violation: 43
- Applications & Renewals: 37
- Inquiries & Questions: 39
- Property Complaints: 110
- Other: 3

February:
- Administrative Citation or Notice of Violation: 7
- Applications & Renewals: 16
- Inquiries & Questions: 23
- Property Complaints: 70
- Other: 3

March:
- Administrative Citation or Notice of Violation: 36
- Applications & Renewals: 30
- Inquiries & Questions: 25
- Property Complaints: 56
- Other: 1

April:
- Administrative Citation or Notice of Violation: 31
- Applications & Renewals: 38
- Inquiries & Questions: 25
- Property Complaints: 21
- Other: 0

May:
- Administrative Citation or Notice of Violation: 12
- Applications & Renewals: 46
- Inquiries & Questions: 37
- Property Complaints: 18
- Other: 0

June:
- Administrative Citation or Notice of Violation: 9
- Applications & Renewals: 45
- Inquiries & Questions: 36
- Property Complaints: 26
- Other: 0

July:
- Administrative Citation or Notice of Violation: 11
- Applications & Renewals: 41
- Inquiries & Questions: 24
- Property Complaints: 34
- Other: 0
311 STR Data and Trends

2019
- Applications & Renewals: 33%
- Inquiries & Questions: 19%
- Property Complaints: 15%
- Administrative Citation or Notice of Violation: 30%
- Other: 3%

2020 YTD
- Applications & Renewals: 23%
- Inquiries & Questions: 41%
- Property Complaints: 17%
- Administrative Citation or Notice of Violation: 18%
- Other: 1%
STR Application Data

**Pending Applications**

- As of August 10, we had **196 total pending applications**
  - 40 pending applications are awaiting applicant action
  - 101 pending applications are under review by EXL
  - 55 pending applications are under review by another city agency

**New Applications**

- We received **143 total applications** during the month of April:
  - 43 applications for new STRs
  - 100 STR license renewal applications
- We received **113 total applications** during the week of May:
  - 32 applications for new STRs
  - 81 STR license renewal applications
- We received **153 total applications** during the week of June:
  - 8 applications for new STRs
  - 18 STR license renewal applications
- We received **163 total applications** during the month of July:
  - 50 applications for new STRs
  - 113 STR license renewal applications
## Applications and Disciplinary Action

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<tr>
<th>Withdrawals</th>
<th>Closed Administratively</th>
<th>Denials</th>
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<tbody>
<tr>
<td>New &amp; Renewal applications</td>
<td>257</td>
<td>179</td>
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<table>
<thead>
<tr>
<th>Sent</th>
<th>Returned</th>
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<tr>
<td>Affidavits</td>
<td>622</td>
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<table>
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<tr>
<th>Licenses ‘Show Caused’</th>
<th>17 since April 2018</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>15 resulted in revocation or surrender</td>
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</table>
## Lodger’s Tax Update

As of August 6, 2020

<table>
<thead>
<tr>
<th>Lodger’s Tax Accounts</th>
<th>STR Business Licenses (active)</th>
<th>Difference (Tax v. Active Business Licenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,310</td>
<td>2,205</td>
<td>1,105</td>
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<table>
<thead>
<tr>
<th></th>
<th>2017 Total</th>
<th>2018 Total</th>
<th>2019 Total</th>
<th>2020 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lodger’s Tax collected</td>
<td>$ 3.5M</td>
<td>$ 8.36M</td>
<td>$ 10.6 M</td>
<td>$ 3.1 M</td>
</tr>
<tr>
<td>% of Lodger’s Tax collected</td>
<td>7.5%</td>
<td>10.1%</td>
<td>10.5%</td>
<td></td>
</tr>
</tbody>
</table>

- This amount does not include OPT or license fees.
- July collections are up about 140% when reviewed against the slow periods of either May or June in the STR lodger’s tax collections.
Current Events
What’s happening in the world of short-term rentals?

Stay Alfred leaving, regulation in other cities, and the continued effect of COVID-19

Stay Alfred to leave Denver: Stay Alfred, which had operated at least briefly at four Denver apartment complexes, has ceased operations in the Mile High City. Read more [here](#).

Enforcement in LA: Los Angeles estimates that ~42% of the city’s active Airbnb listings are out of compliance, despite an agreement in which Airbnb agreed to remove listings. Read more [here](#).

Changes in Chicago: Chicago Mayor Lori Lightfoot has proposed a ban on single-night stays in the city’s short-term rentals as a way to combat “party houses.” Read more [here](#).

Decreased demand in New Orleans: Homeowners in New Orleans discuss the devastating effects of the pandemic on their income and love of hosting guests. Read more [here](#).
Airbnb Update
Community Planning and Development Presentation

Accessory Dwelling Units (ADUs) and Short-Term Rentals
Short-Term Rentals & ADUs

Topics:
• Primary Use vs. Accessory Use
• Definition of Dwelling Unit
• Primary Dwelling Unit Use vs. Accessory Dwelling Unit Use
• Short-term Rental Accessory Use
• Short-term Rentals & Accessory Dwelling Units
Primary Use vs. Accessory Use

- **Primary Use**: “The main or primary purpose for which land and the structures thereon are used“

- **Accessory Use**: “A subordinate use, clearly incidental and related to the primary use of land, and, unless otherwise permitted by this Code, located on the same zone lot as that of the primary use.”

- **Related Use Limitation**: “Accessory uses shall be clearly incidental, subordinate, customary to, and commonly associated with operation of a primary use....” (DZC 11.7.1.1)
Definition of Dwelling Unit

A structure or portion of a structure that contains all three of the following types of rooms or spaces:

• A full or partial kitchen;
• A bathroom; and
• A sleeping area.

Note that the zoning code also defines a “detached accessory structure” form to apply height, setback, etc. rules to detached structures that are allowed to contain the ADU use.
Primary Dwelling Unit vs. Accessory Dwelling Unit Use

**Primary Dwelling Unit Use:** Definition varies depending on the specific residential use – Note that all accessory uses must be associated with a primary use.

**Accessory Dwelling Unit Use:** “a second dwelling unit located on the same zone lot as a primary single unit dwelling use.” (DZC 11.12.7.1)

- “An accessory dwelling unit is a type of accessory use.”
- “An Accessory Dwelling Unit is permitted as accessory only to a primary Single Unit Dwelling Use”
- Where permitted, an ADU use can occur in either a detached structure separate from the primary dwelling unit, or inside the primary structure containing the primary dwelling unit use (e.g., a basement dwelling unit).
Short-term Rental Accessory Use: Definitions and Limitations

Short-term Rental Accessory Use:
“The provision of temporary guest housing to non-residents, for compensation, by the person or persons maintaining the primary dwelling unit use as their primary residence. The length of stay per guest visit is less than 30 days. Short-term Rental does not include rental of a dwelling unit for meetings such as luncheons, banquets, parties, weddings, fund raisers, or other similar gatherings for direct or indirect compensation.” (DZC 11.12.7.7)

Use Limitations for Short-term Rental Accessory Use:
• Shall be clearly incidental and customary to and commonly associated with the operation of the primary residential household living use
• Shall be operated by the person or persons maintaining the dwelling unit use as their primary residence.
• Shall not include simultaneous rental to more than one party under separate contracts...
(DZC 11.8.10.1)
Short-Term Rentals & ADUs

Based on relevant use definitions and limitations, the STR accessory use must be subordinate and incidental to the primary residential household living use, So -

Question 1:
Can an applicant live in an ADU and conduct a STR in the associated primary dwelling unit?

• Answer 1: No.
The applicant must maintain the primary dwelling unit as their primary residence to operate a STR.

Question 2:
Can an applicant live in a primary dwelling unit and conduct a STR use in an attached or detached ADU?

• Answer 2: Yes.
If the applicant maintains the primary dwelling unit as their primary residence, they may operate a STR use in an attached or detached ADU.
Short-Term Rentals & ADUs

Based on relevant use definitions and limitations, the STR accessory use may be conducted by the person or persons maintaining the primary dwelling unit use as their primary residence, So -

**Question 3:**
Can an applicant live in an attached or detached ADU and conduct a STR use in the attached or detached ADU?

**Answer 3: No.**
If the applicant makes their primary residence in an attached or detached ADU, they may not conduct a STR use in the ADU.

**Question 4:**
Can an applicant live in a primary dwelling unit and conduct a STR use in a detached accessory structure that does not contain an ADU?

**Answer 4: Yes.**
If the applicant makes their primary residence in the primary dwelling unit, they may operate a STR use in a detached accessory structure that does not contain a dwelling unit. For example, if there is a detached structure that contains only a sleeping area with no kitchen, the applicant may operate a STR in such structure (e.g., a “guest house”).
Short-Term Rentals & ADUs

Tina lives in the main house as her primary residence and rents an associated accessory dwelling unit (ADU) to Bob, who lives in the ADU as his primary residence.

Where can Tina conduct an STR?
• She can conduct STRs in the primary unit or ADU
• But: Only one STR contract at a time on the entire property, per zoning rules

Bob, the primary resident of the ADU cannot conduct STRs

<table>
<thead>
<tr>
<th>Main House</th>
<th>ADU</th>
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<tbody>
<tr>
<td>Tina’s Primary Residence</td>
<td>Bob’s Primary Residence</td>
</tr>
<tr>
<td>STR by Tina – Yes</td>
<td>STR by Tina – Yes</td>
</tr>
<tr>
<td>STR by Bob - No</td>
<td>STR by Bob - No</td>
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</tbody>
</table>
Diversify housing choice through the expansion of accessory dwelling units throughout all residential areas.

**GOALS:**

1. Accessory dwelling units (ADUs) can add variety to the housing stock in low-density residential neighborhoods without significantly changing the existing character. As Denver allows ADUs throughout the city, it is important to understand impacts in areas vulnerable to displacement.

A. Study and implement allowances for ADUs—including those attached and detached from the primary home—in all neighborhood contexts and residential zone districts. Use an inclusive community input process to respond to unique considerations in different parts of the city.

B. Identify strategies to prevent involuntary displacement—especially in areas that score high for Vulnerability to Displacement—in conjunction with expanding the allowance for ADUs.

C. Study and implement a citywide program to expand access to ADUs as a wealth-building tool for low- and moderate-income homeowners.

D. Study and implement incentives or requirements for income-restricted ADUs, so they are more likely to provide affordable housing options, and tools to encourage the use of ADUs for long-term housing options, rather than short-term rentals.

E. A citywide approach to enable ADUs is preferred. Until a holistic approach is in place, individual rezonings to enable ADUs in all residential areas, especially where proximate to transit, are appropriate. Unless there is a neighborhood plan supporting ADUs, rezonings should be small in area in order to minimize impacts to the surrounding residential area.
Blueprint Denver 2040 Policy on ADUs

05

Remove barriers to constructing accessory dwelling units and create context-sensitive form standards.

GOALS: 1, 6

The zoning code already allows ADUs in some areas of the city. ADUs can be attached to the main home, such as a basement unit, or detached. ADUs offer a housing option for residents looking for something smaller than a home, such as seniors who want to age in place. There are opportunities to remove barriers—especially since the cost of constructing a detached ADU is high—and to better calibrate form standards for detached ADUs by neighborhood context.

A. Evaluate existing barriers to ADU permitting and construction and revise codes and/or fees to remove or lessen barriers for homeowners. Consider programs and resources to help reduce barriers to ADUs for homeowners, especially in neighborhoods that score high in Reducing Vulnerability to Displacement.

B. Revise the zoning code to allow ADUs as accessory to more uses than only single-unit homes.

C. Revise detached ADU form standards to be more context-sensitive, including standards for height, mass and setbacks.

D. Establish context-specific patterns or templates to facilitate the approval process of detached ADUs.
Citywide Residential Infill Project

- A two-year project to implement adopted Blueprint Denver housing options and design policies in residential neighborhoods
- Will include exploration of the ADU recommendations on the previous slide
- Project kickoff September 2020
- Will provide periodic updates on the project to the STRAC
- Contact Abe Barge (abe.barge@denvergov.org) for more information or to join a contact list for Residential Infill project kickoff
Questions?
Policy Updates
Policy Recommendations

**Phase 1**
Update current language

- Primary Residence
  - Update definition and standards for issuance

- Fees
  - Initial application fee $50
  - Annual license fee $100

**Phase 2**
Add new language

- Property Management Requirements
  - Research best practices and legal parameters
  - Draft provisions that protect guests, hosts, and neighbors

- Platform Accountability Provisions
  - Research cost of litigation and legal arguments
  - Work with other cities to draft effective language

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Initial application fee $50
Annual license fee $100
What will an ordinance do?

This ordinance would:

1. Add **new requirements** for **all platforms** processing short-term rental transactions in the City and County of Denver;

2. Impose **liability** on any such platform that processes an **illegal** short-term rental transaction; and

3. Allow the City and County of Denver to **fine** any such platform as a **penalty** for processing **illegal** short-term rental transactions.
What is the ordinance process?

1. Present policy to Mayor’s Policy Review Committee on September 25
2. Present DRAFT language at STRAC meeting on October 13*
3. Optional STRAC meeting, if needed, to review DRAFT language on November 10*
4. Present at BIZ Committee once DRAFT language is finalized*
5. If passed out of committee, voted on by full City Council*

*Open meetings with time allotted for Public Comment
<table>
<thead>
<tr>
<th>Value</th>
<th>Goals</th>
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</table>
| Protect the fabric and character of Denver neighborhoods and the residents who live there | • Continue existing enforcement efforts against non-compliant hosts  
• Pursue stronger enforcement against non-compliant platforms |
| Protect and support our largely compliant host community who open their homes to our visitors | • Continue to attend and provide educational summits and workshops for hosts looking to learn more about Denver’s rules  
• Update the complaint process to notify hosts when a complaint has been made against their short-term rental  
• Facilitate educational roundtable discussions between hosts and DPD so hosts know how to deal with troublesome guests and protect public safety  
• Adopt compliance requirements for property management companies  
• Adopt compliance requirements specifically for platforms  
  • Requirements for transparency in tax collection + remittance  
  • Requirements for data sharing + reporting  
  • Consequences for advertising unlicensed properties  
  • Consequences for failure to comply with local laws and rules |
| Ensure that Denver is keeping pace with the evolution of the industry and finding the right regulatory balance | • Add new data points to the regular agendas to provide context for identifying problems and crafting solutions  
• Address risks and opportunities associated with “party houses”  
• Educate members on the different property configurations that allow for short-term rentals (ADU vs. duplex) and clarify + streamline regulations where possible  
• Identify and address the different challenges faced by neighbors of short-term rentals in single family dwellings vs. short-term rentals in multi-unit properties and adopt solutions appropriate for each  
• Address risks and opportunities facing Denver with the onset of emerging lodging models such as Sonder, Loftium, or Daydream  
• Establish regular inter-jurisdiction calls with other cities to discuss regulatory trends for short-term rentals |
### Goal Planning

<table>
<thead>
<tr>
<th>Meeting</th>
<th>Features</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>August</td>
<td>• Expanded Licensing and 311 Data&lt;br&gt;• CPD Presentation: Accessory&lt;br&gt;</td>
<td>• Add new data points to the regular agendas to provide context for</td>
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<tr>
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<td>Dwelling Units&lt;br&gt;• Platform Accountability Legislation</td>
<td>identifying problems and crafting solutions&lt;br&gt;• Educate members</td>
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<tr>
<td></td>
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<td>on the different property configurations that allow for short-term</td>
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<td>rentals</td>
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<td>October [and</td>
<td>• Phase 2 Legislation: Platform and Property Manager Accountability</td>
<td>• Adopt compliance requirements specifically for platforms&lt;br&gt;</td>
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<tr>
<td>November, if</td>
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<td>• Adopt compliance requirements for property management companies</td>
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<td>needed]</td>
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<td>December</td>
<td>• EXL Presentation: Other Lodging License Types</td>
<td>• Educate members on the different property configurations that allow</td>
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<td>for short-term rentals&lt;br&gt;• Address risks and opportunities facing</td>
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<td>Denver with the onset of emerging lodging models such as Sonder,</td>
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<td>Loftium, or Daydream</td>
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Any other topics the group would like to focus on this year?
We are planning to hold the remainder of our regularly scheduled 2020 meetings virtually, on the following days:

- October 13
- Optional, if needed: November 10?
- December 8

Any updates will be announced through the Denver short-term rental bulletin. If you’re not already receiving the bulletin, you can sign up to receive it [here](#).
Public Comment

Public comments may be submitted to STR@denvergov.org.

As always, all written comments will be shared with the Committee.

Any comments received by COB on **August 31, 2020** will also be posted to the STRAC website for public viewing.

A bulletin will be sent out once the recording is published.