

Denver Short Term Rental Advisory Committee

December 10, 2019

Excise and Licenses

Old Business

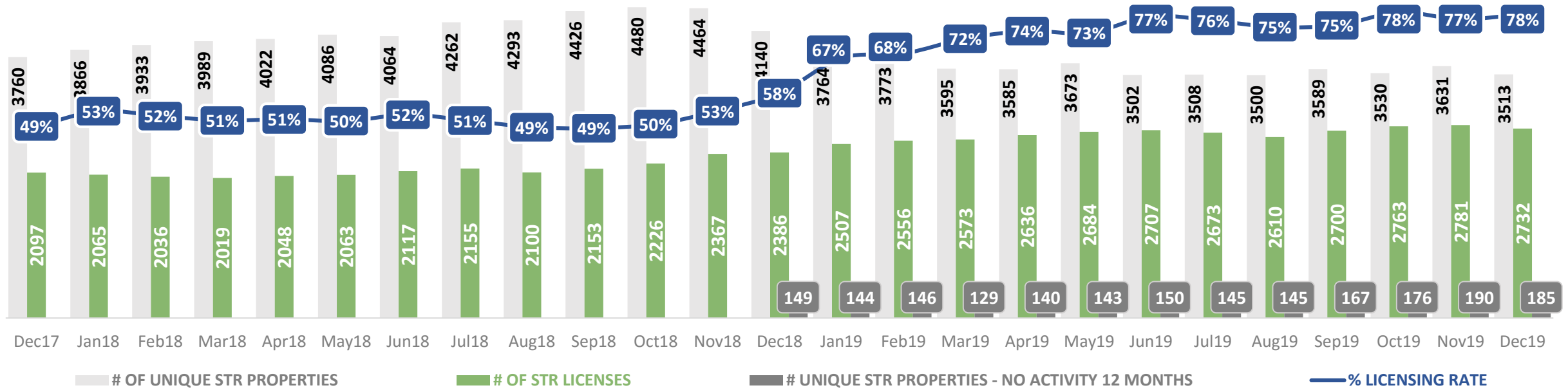
- Airbnb Update



Licensing & Enforcement Updates



STR Compliance/Trends



	Dec18	Nov19	Dec19	MoM	YoY
# of Unique STR Properties - Active	4,140	3,631	3,513	-3%	-15%
# Unique STR Properties - No Activity 12 Months	149	190	185	-3%	24%
# of STR Licenses	2,386	2,781	2,732	-2%	15%
% of Units Identified	82%	80%	84%	5%	2%
% Licensing Rate	58%	77%	78%	2%	35%

Lodger's Tax Update (as of 10/31/19)

Lodger's Tax Accounts	STR Business Licenses (active)	Pending Applications	Pending Renewals	Difference (Tax v. Active Business Licenses)
3,751 (as of 10/31/19)	2,732	154	110	755 (up from 598 in July)

	2017 Total	2018 Total	2019 YTD
Lodger's Tax collected	\$3.5M	\$8.36M	\$10.1M
% of Lodger's Tax collected		7.5%	8.8%

- This amount does not include OPT or license fees.

STR Calls to 311

CALL TYPE	2018	2019	Change	Totals over time
Complaint	92	97	↑	189
General Inquiry	177	171	↓	348
How do I apply?	156	227	↑	383
Insufficient Application	110	177	↑	287
Notice of Violation	635	854	↑	1489
Online Issues	409	344	↓	753
Primary Residence	238	412	↑	650
Status of Application	126	491	↑	617
Surrender	84	66	↓	150
Total Calls	2027	2839		4866

STR Enforcement-Citation Collections

Administrative citation #1 (\$150) – 954 issued*

554 collected

175 dismissed

225 not paid, not dismissed

71% collection rate

Administrative citation #2 (\$500) – 239 issued*

61 collected

64 dismissed

114 not paid, not dismissed

34% collection rate

Administrative citation #3 (\$999) – 22 issued*

1 collected

5 dismissed

16 just issued

100% collection rate

1215 total citations issued*

63% total collection rate

(not including dismissed citations)

83% success rate

(1009 out of 1215 resulted in compliance)

*issued to the correct recipient at the correct address

STR Enforcement – Primary Residence

		Volume	Outcome
Affidavit of Primary Residency	Failure to meet primary residence requirement	408 sent out since 3/1/2019	<ul style="list-style-type: none"> • 65 have been signed and returned
Upon Application	Primary Residency	408 Primary residency affidavits sent out upon some sort of application (new or renewal)	<ul style="list-style-type: none"> • 199 Applications withdrawn • 92 Closed - Administratively • 40 Denied • 99 Issued or renewed • 53 Open cases
Upon Complaint	Primary Residency	47 Primary residency affidavits sent out upon complaint	<ul style="list-style-type: none"> • 3 Pending with CAO for Show Cause • 15 No further action taken • 20 Surrendered • 3 Sent to CAO and then surrendered

Current Events



- Colorado Springs:
 - Colorado Springs City Council passed new rules that consider rentals that a property owner inhabits for less than 185 days to be “nonowner occupied” and cannot operate in a single-family residential or single-family planned unit development zoning district.
 - Council also recently passed a law that limits maximum occupancy to two people per bedroom, plus two additional guests, with an overall maximum of 15 guests.
 - Other cities in CO that have recently made movement on STR changes include Parker and Aspen.
 - [Colorado Springs approves more rules for short-term rentals](#)
- Miami Beach
 - A Miami-Dade circuit judge struck down the city’s law that fines homeowners \$20,000 for illegally renting their places as STRs, stating they are in conflict with state law which prohibits local governments from fining residents more than \$10,000 a day for code violations.
 - [Miami Beach's \\$20,000 fines for illegal Airbnbs struck down in court](#)
- National
 - After a shooting at an Airbnb rental in California, Airbnb will begin a program to verify listings and has also established new guest behavior rules and a rapid response hotline for mayors and city officials.
 - [Airbnb plans to ban "party houses" after Orinda shooting](#)

- Jersey City:
 - 70% of residents voted to restrict home-sharing in Jersey City by upholding new rules that impose a 60-day cap on rentals where the owner is not present and prohibiting rentals in buildings more than four residential units.
 - [Airbnb Loses Jersey City Home-Share War by a Landslide](#)
- Denver
 - More than 100 property owners gathered in Denver to take a proactive step in an attempt to fix problems STRs, including loud parties and large groups staying in small houses.
 - [Short-term rental owners gather for "Good Neighbor Summit"](#)
- Malibu
 - Malibu City Council approved moving forward with developing an ordinance modeled after Santa Monica's Home Sharing Ordinance which allows hosts to operate an STR as long as the resident and visitor are both present in the home.
 - [City to Pursue "Homeshare" STR Restrictions](#)

Lodger's Tax 101

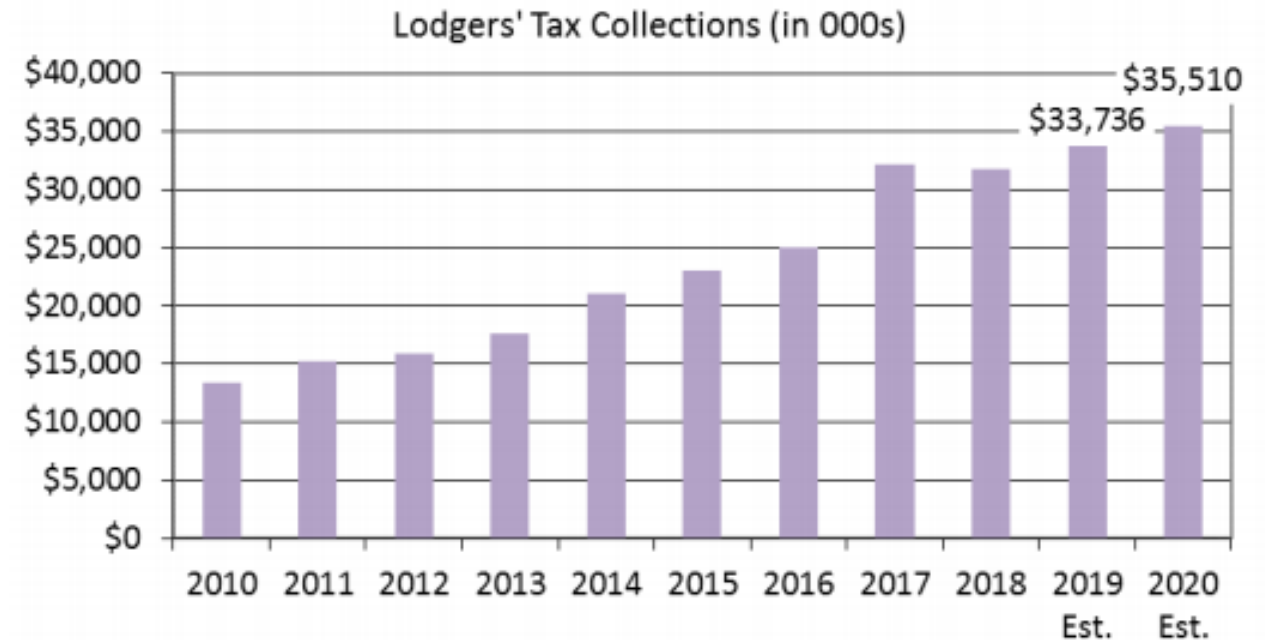
- Guests staying in Denver lodging facilities for fewer than 30 consecutive days pay a lodgers' tax on the purchase price of their lodging.
 - Primary exemptions include governmental, religious, and charitable organizations.
- Lodgers' tax projections are developed collaboratively with Visit Denver, Denver's tourism and marketing partner, who monitors the impact of tourism on Denver.
- Denver's lodgers' tax rate is 10.75 percent.
 - 26% of collected revenue goes to Visit Denver
 - Remainder is pledged for the repayment of the City's 2016 excise tax bonds associated with the National Western Center redevelopment project and the expansion of and improvements to the Colorado Convention Center.
 - Pledged revenues exceed what is required for debt service enabling 30% to be transferred to the General Fund each month (see next slide).



Lodger's Tax 101

General Fund's portion of lodgers' tax.

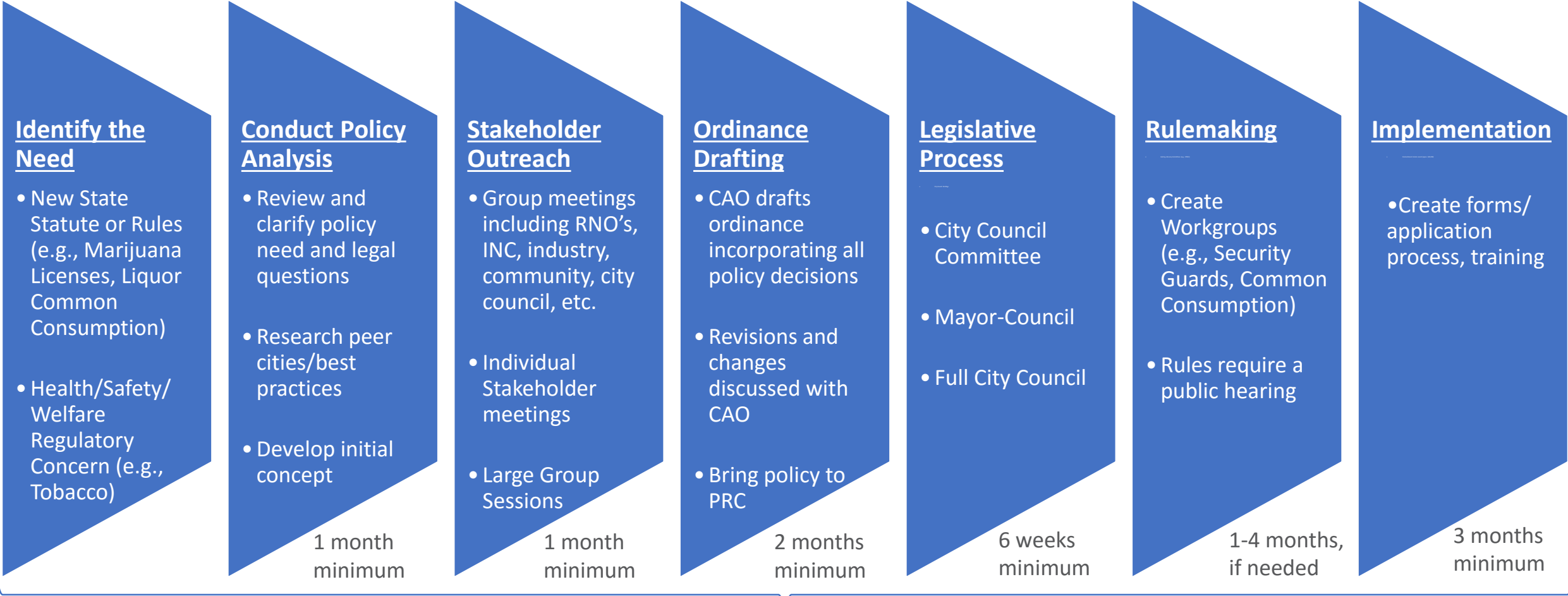
- 2019 Estimate: \$33.7 million
 - 6.1% increase over 2018 actual collections due to hotel room inventory, relatively flat occupancy rates, new hotel inventory coming online, STRs remitting lodger's taxes and a slight growth in room rates
- 2020 Estimate: \$35.5 million
 - 5.3% increase over 2019 estimate assuming continued growth in Denver's hotel room inventory, flat occupancy rates, modest growth in room rates and a flattening of STR lodger's tax collection rates



Policy Updates



Creating a new business license/Amending an existing license



Total time = 9-12 months

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

Policy Recommendations

Phase 1

Update current language

Primary Residence

Fees

Update definition and standards for issuance

List factors that may be considered to determine PR

Initial application fee \$50

Annual license fee \$100

Phase 2

Add new language

Property Management Requirements

Platform Accountability Provisions

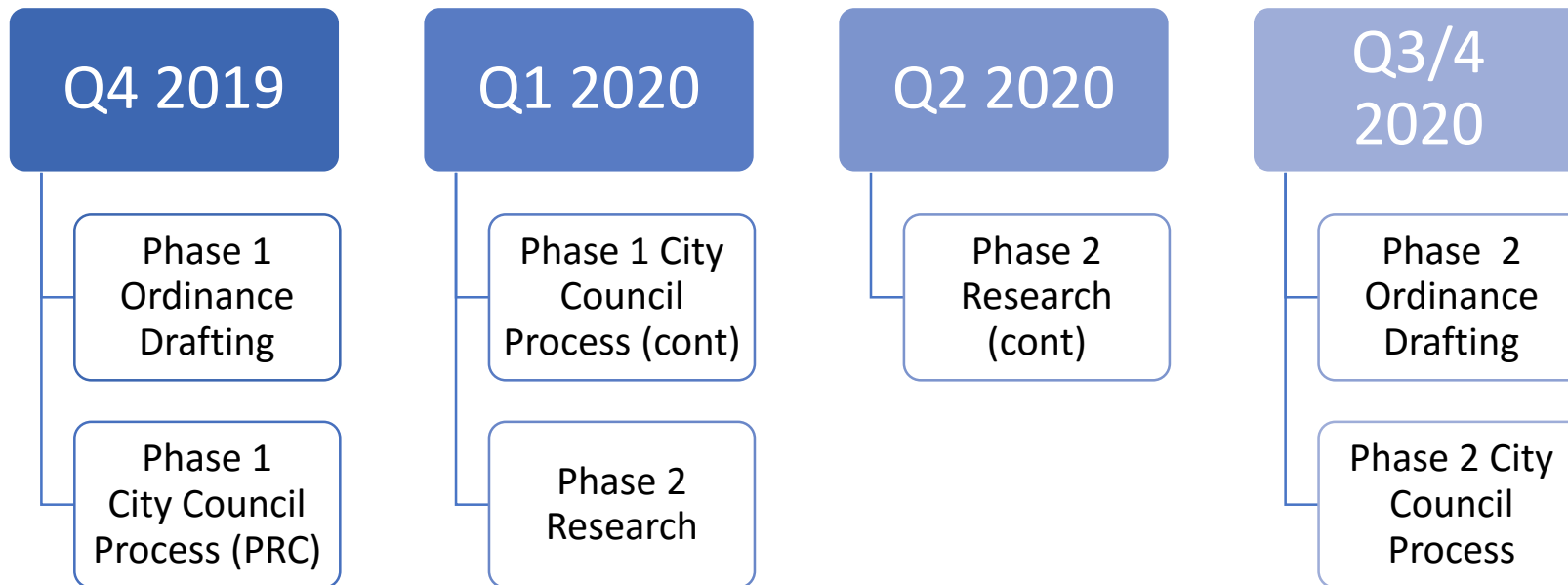
Research best practices and legal parameters

Draft provisions that protect guests, hosts, and neighbors

Research cost of litigation and legal arguments

Work with other cities to draft effective language

Timeline



Phase 1

- Primary Residence
- License Fees

Phase 2

- Platform Accountability Provisions
- Property Management Requirements

STRAC Meeting Standards

STRAC Background:

- The Short Term Rental Advisory Committee (STRAC) was established in 2016
- STRAC is the only continuously-serving work group to make policy recommendations to the Department

Current Mission and Goals:

- The STRAC is comprised of short-term rental hosts, non-hosts, industry stakeholders, and Denver elected officials.
- The STRAC meets regularly to provide guidance and recommendations to Excise and Licenses on administration, enforcement, and other Short-Term Rental licensing policies.
- Minimum of 6 meetings per year
- Opportunity for public input

STRAC Meeting Standards

Governance Subcommittee

- Held 3 meetings on 11/06, 11/20, 12/04 to discuss STRAC “governance” generally
 - Currently, STRAC operates under the parameters contained in a one-page document
- STRAC members participating:
 - Ms. Bailey
 - Mr. Murphy
 - Mr. Pardo
 - Ms. Sestrich
 - Ms. Wagstaff
 - Ms. Winsenburg
 - Ms. Zunker
- Conducted Governance Survey
 - 16/19 STRAC members responded
- Drafted Governance Recommendations for consideration and discussion

Recommendations

General Suggestions

Expand existing Purpose and Requirements Document

Meeting Packets

Committee Composition

Number of Members

Viewpoints represented

Committee Member Responsibilities

Terms of Service

Attendance Requirements

Subcommittees

Flexible Mechanism to form Subcommittees

Meetings

Agenda Development

Public Comment

2020 STRAC Meetings

- February 11
- April 14
- June 9
- August 11
- October 13
- December 8

- Meetings are scheduled for 2nd Tuesday of every other month.
- All meetings will be held in the Wellington Webb Building, 4th Floor.
- Additional meetings can be added as needed.



Public Comment

