

Denver Short Term Rental Advisory Committee

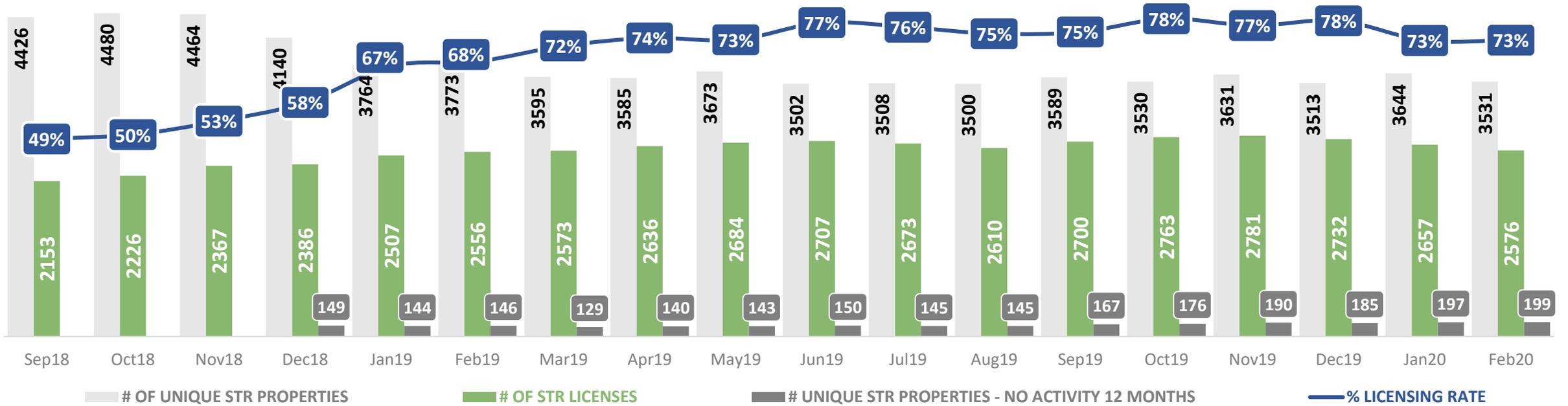
February 11, 2020

Excise and Licenses

Licensing & Enforcement Updates



STR Compliance/Trends



	Feb19	Jan20	Feb20	MoM	YoY
# of Unique STR Properties - Active	3,773	3,644	3,531	-3%	-6%
# Unique STR Properties - No Activity 12 Months	146	197	199	1%	36%
# of STR Licenses	2,556	2,657	2,576	-3%	1%
% of Units Identified	85%	81%	81%	0%	-4%
% Licensing Rate	68%	73%	73%	0%	7%

Application and Disciplinary Actions

	Withdrawals	Closed Administratively	Denials
New & Renewal applications	243	122	51 <ul style="list-style-type: none"> - 4 pending hearing - 7 had hearing with denial upheld - 1 waiting on recommended decision - 39 didn't appeal
	Sent	Returned	
Affidavits	494	208 <ul style="list-style-type: none"> - 116 issued - 3 pending with CAO - 28 denied - 17 withdrew - 44 investigation pending 	
Licenses 'Show Caused'	12 since April 2018 <ul style="list-style-type: none"> - 1 refused by CAO - 11 resulted in revocation or surrender 		

STR Calls to 311-Yearend Totals

CALL TYPE	2018	2019	2018-2019 Change	2020	Totals over time
Complaint	92	104	↑	13	209
General Inquiry	177	181	↑	16	374
How do I apply?	156	243	↑	19	418
Insufficient Application	110	183	↑	10	303
Notice of Violation	635	862	↑	46	1543
Online Issues	409	360	↓	28	797
Primary Residence	238	426	↑	32	696
Status of Application	126	517	↑	49	692
Surrender	84	73	↓	14	171
Total Calls	2027	2849		227	5203

Lodger's Tax Update (as of 2/10/20)

Lodger's Tax Accounts	STR Business Licenses (active)	Pending Applications	Pending Renewals	Difference (Tax v. Active Business Licenses)
3,950 (as of 2/10/20)	2,576	150	149	1075

	2017 Total	2018 Total	2019 YTD	2020 YTD
Lodger's Tax collected	\$3.5M	\$8.36M	\$10.6M (partial December filings)	\$791k
% of Lodger's Tax collected		7.5%	10.1%	

- This amount does not include OPT or license fees.

Current Events



What's happening in the world of short-term rentals?

A state tax bill, the Primary effect, Super Fines, and Coronavirus

State bill in Colorado: State Senator Bob Gardner introduced SB20-109 to change the property tax assessment category for short-term rentals from residential to commercial. Read more [here](#).

Economic gains in New Hampshire: Airbnb estimates that in the two weeks leading up to the NH primary, around 17,000 guests paid \$2.7 million to stay in short-term rentals. Read more [here](#).

Fines in Florida: Miami Beach issued \$168,000 in fines related to illegal short-term rentals during Super Bowl weekend, including one party house with four previous citations. Read more [here](#).

Cancellations in China: Airbnb launched a special cancellation policy for bookings in Wuhan, urging hosts to be supportive if a guest's itinerary or plans changed suddenly. Read more [here](#).

Old Business

- Airbnb Update
- Policy Team Update
- Updated Purpose + Requirements



Airbnb Update



Policy Updates



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

What will this ordinance do?

This ordinance would:

1. Update the **Primary Residence Requirement** in three places: the definition, the application requirements, and standards for issuance or denial
2. Update **Licensing Fees**
3. Make **technical and grammatical changes**

Your feedback in action: Updated DRAFT

Definition

- Page 1
- Section 33-46(4)

Application Requirements

- Page 2
- Section 33-48(2)(e)

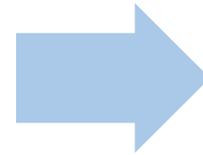
Standards of Issuance or Denial

- Page 4
- Section 33-53(a)(4)
- Section 33-53(a)(5)
- Section 33-53(a)(7)

Updated DRAFT: Primary Residence Definition

First Draft

- “Primary residence means the place in which a person’s habitation is **fixed** and is the person's usual place of return.”



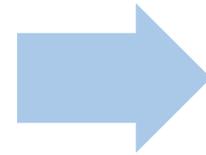
New Draft

- “Primary residence means the place in which a person’s habitation is **fixed for the term of the license** and is the person's usual place of return.”

Updated DRAFT: Application Requirements

First Draft

- “Any other legal documentation deemed sufficient by the director”



New Draft

- “Any other legal documentation deemed sufficient by the director **which is pertinent to establishing primary residency**”

Updated DRAFT: Standards of Issuance or Denial

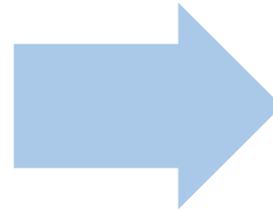
First Draft

- In determining whether a location is the applicant's primary residence for short-term rental licensing purposes, **the director may consider:**

(4) "An applicant's business pursuits..."

(5) "The **number of days** that the short-term rental has been, or will be, rented within the calendar year"

(7) "Any other relevant information"



New Draft

- In determining whether a location is the applicant's primary residence for short-term rental licensing purposes, **the director may consider any of the following applicable factors:**

(4) "**Whether** an applicant's business pursuits...**indicate that the short-term rental is the applicant's primary residence**"

(5) "**Whether** the **amount of time** that the short-term rental has been, or will be, rented within the calendar year **indicates that the short-term rental is or is not the applicant's primary residence**"

(7) "**Whether** any other relevant information **discovered by the director or submitted by the applicant indicates that the short-term rental is or is not the applicant's primary residence**"

What's next for the Updated DRAFT?



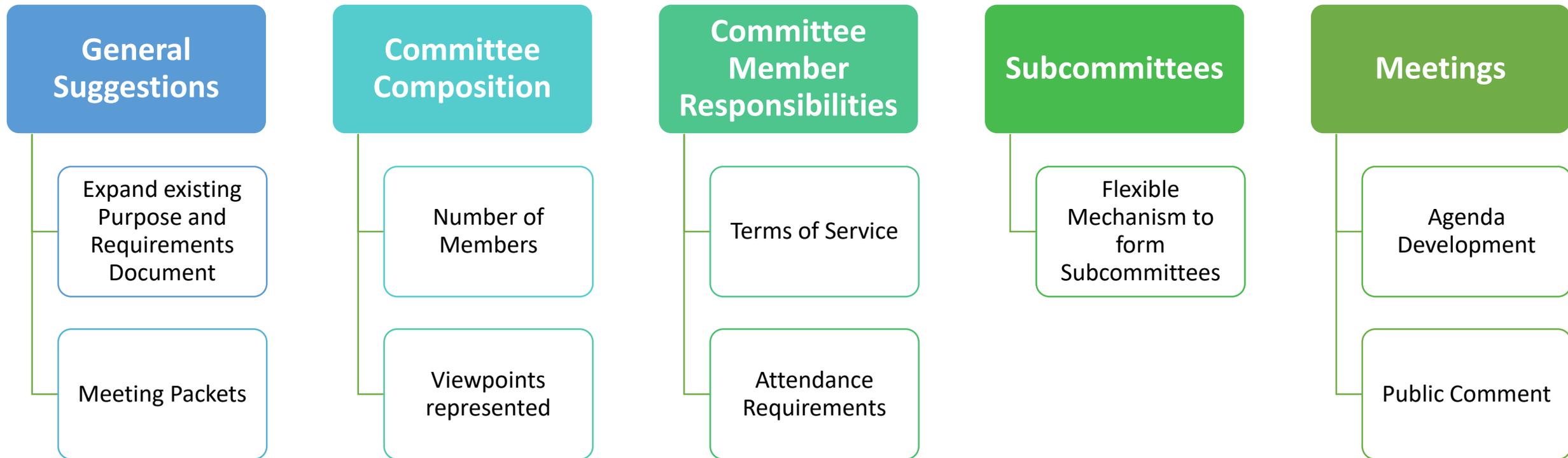
So what does all of this mean?

- Everyone who has been operating a short-term rental legally will **still be able to operate!**
 - This ordinance provides additional avenues for those with unique circumstances to know and to show that they are compliant.
- Denver is dedicated to **protecting our largely compliant host community.**
 - This ordinance ensures adherence to the intent of the primary residence requirement and allows for clear action against those attempting to skirt the primary residence rules.
- These modifications allow Denver to keep pace with the **evolution of the industry and continuously improve** the regulatory framework.
- Fees will **increase slightly** to help cover the cost of enforcement, while keeping them affordable and below national averages.

Updates to STRAC Purpose and Requirements



STRAC Purpose and Requirements - Recommendations



New Business

- STRAC Vacancies
- 2020 Goal Setting
- New Complaint Notification



STRAC Vacancies



Goal Setting



STRAC 2020 Values and Goals

Value	Goals
<p>Protect the fabric and character of Denver neighborhoods and the residents who live there</p>	<ul style="list-style-type: none"> • Continue existing enforcement efforts against non-compliant hosts • Pursue stronger enforcement against non-compliant platforms
<p>Protect and support our largely compliant host community who open their homes to our visitors</p>	<ul style="list-style-type: none"> • 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 <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
<p>Ensure that Denver is keeping pace with the evolution of the industry and finding the right regulatory balance</p>	<ul style="list-style-type: none"> • 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

New Complaint Notification System



2020 STRAC Meetings

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

Meetings are scheduled for 2nd Tuesday of every other month in the Wellington Webb Building, 4th Floor.

Additional meetings can be added as needed.



Public Comment

