

# Denver Short Term Rental Advisory Committee

January 14, 2019

Excise and Licenses

# Old Business

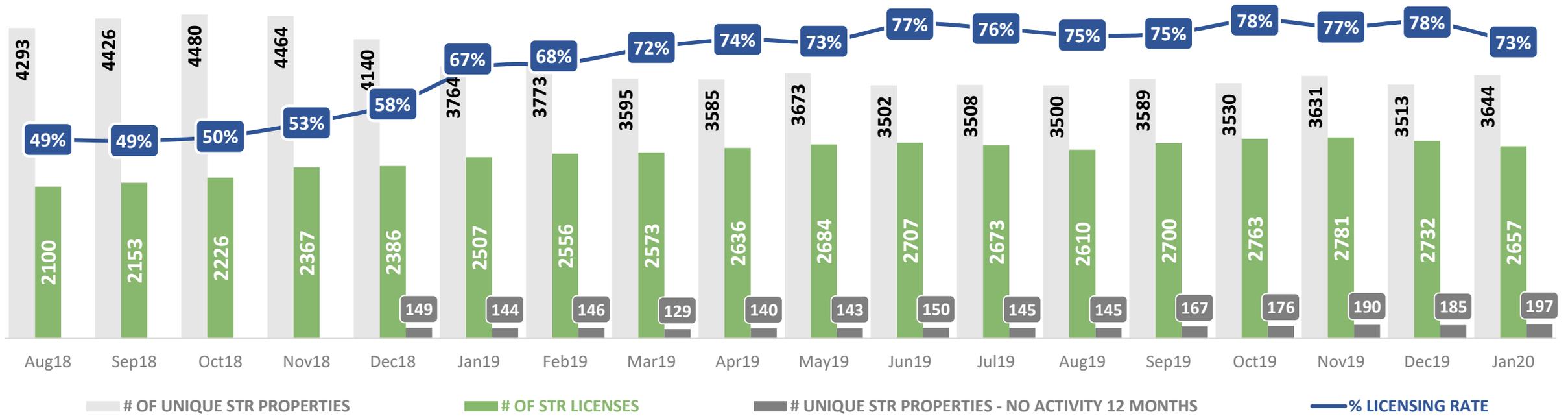
- Airbnb Update



# Licensing & Enforcement Updates



# STR Compliance/Trends



	Jan19	Dec19	Jan20	MoM	YoY
# of Unique STR Properties - Active	3,764	3,513	3,644	4%	-3%
# Unique STR Properties - No Activity 12 Months	144	185	197	6%	37%
# of STR Licenses	1,507	2,732	2,657	-3%	76%
% of Units Identified	83%	84%	81%	-4%	-3%
% Licensing Rate	67%	78%	73%	-6%	9%

# STR Calls to 311-Yearend Totals

CALL TYPE	2018	2019	Change	Totals over time
Complaint	92	104	↑	196
General Inquiry	177	181	↑	358
How do I apply?	156	243	↑	399
Insufficient Application	110	183	↑	293
Notice of Violation	635	862	↑	1497
Online Issues	409	360	↓	769
Primary Residence	238	426	↑	664
Status of Application	126	517	↑	643
Surrender	84	73	↓	157
<b>Total Calls</b>	<b>2027</b>	<b>2839</b>		<b>4866</b>

# 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**

# Proposed Primary Residence Update

## What would change in the Definition?

- “Primary Residence” would still be defined as the place a person lives.
- Application requirements would be removed from the definition and relocated to the application section.

# How would Primary Residence be Defined?

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

A person can have only one primary residence.

Language requiring application documentation has been removed and relocated.

# Proposed Primary Residence Update

## What would change in Application Requirements?

- New formatting would indicate which documents are used to determine primary residence.
- Applicants would not be required to submit any additional documentation other than what is already required.
- Expands flexibility for applicants to provide other documentation to prove primary residency, subject to review and approval by the Director.

# What would the Application Requirements Be?

- Language has been organized to show what types of documentation must be included in a short-term rental application.
- There are no additional requirements, but applicants now have an additional avenue to present proof of primary residence.

## Primary Residence Documentation

### **Two of the following:**

- Motor vehicle registration
- Voter registration
- Tax return
- Utility bill
- Other legal document deemed sufficient by the Director\*

\*New provision; all other application requirements currently exist

## Possession of Property Documentation

### **One of the following:**

- Valid warranty deed
- Valid lease
- Other verification of the applicant's right to the premises

## Other Documentation

### **Both of the following:**

- Colorado Driver's License or ID
- Valid City Lodger's Tax account number

# Proposed Primary Residence Update

## What would change in Standards of Issuance or Denial?

- This new section would explicitly list the factors that may be considered in determining primary residence.
- We know that no two cases are alike, so we don't propose using a one-size-fits-all standard for issuance or denial of a license. Not every factor would be considered in every case.
- A list of factors means that applicants' unique situations could be taken into account when determining primary residence.

# Proposed Standards for Issuance or Denial

The following factors **MAY** be considered in determining primary residence for purposes of the short-term rental license:

- Whether the applicant claims any other residence for domestic, legal, billing, voting, and/or licensing purposes;
- Whether and how often the applicant returns to the short-term rental or other places of habitation;
- Whether the address listed on an applicant's legal documents or tax assessment records is different than the address of the short-term rental;
- An applicant's business pursuits, employment, income sources, residence for income or other tax purposes, leaseholds, situs of personal and real property, and motor vehicle registration;
- The number of days that a short-term rental has been, or will be, rented within the calendar year;
- Whether the applicant is actively deployed in the United States military; or
- Any other information relevant to determining primary residence.

# Proposed Technical Changes

## What else is changing?

- Grammatical and formatting changes, for example changing the word “contract” to the intended word “contact” in section 33-50.
- Relocating the language regarding sanctions for “good cause” from agency rule to ordinance.

# Case Studies

## APPROVED

- Applicant lives in a single-family home in Denver
- Owns no other homes
- Pays residential taxes in Denver
- Travels occasionally for work or leisure
- Rents her basement as an STR 365 days a year, whether she's home or traveling
- EXL approves application and issues the license

## APPROVED

- Applicant lives in a condo in Denver
- Applicant submits proper documentation
- Pays residential taxes in Denver
- Applicant's job requires him to travel a minimum of 7 months per year
- Owns an income property in Boulder that he rents to college students
- EXL approves application and issues the license

## INVESTIGATE

- Applicant submits proper documentation but there is a complaint on file for the Denver address
- Investigation shows that applicant is CEO of an Atlanta business, has a home and pays residential taxes in Atlanta, and is also registered to vote in Atlanta
- EXL requests PR affidavit; action dependent on whether applicant returns affidavit

## DENY

- Applicant submits proper documentation but the billing address and service address on her utility bill are different.
- Investigation shows that the applicant owns several apartments in Denver and all are listed as STRs. She is registered to vote at the billing address on her utility bill.
- EXL denies application; applicant has opportunity to appeal

# Current Costs + Proposed Fee Update

## Current Enforcement Costs:

Description	Cost
Program Administrator (1 FTE)	\$106,900
Licensing Technician (2 FTE)	\$126,000
License Inspector (1 FTE)	\$76,800
Compliance Software	\$125,000
<b>TOTAL</b>	<b>\$434,700*</b>

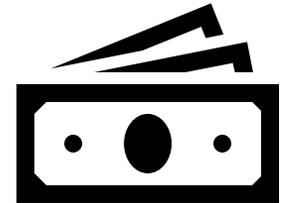
\*Does not include City Attorney and Hearing Officer costs for show cause cases, denial hearings, etc.

## Current Fees:

- No application fee
- \$25 yearly licensing fee

## Proposed Fees:

- \$50 application fee
- \$100 yearly licensing fee



## Projected Revenue:

- \$325,000

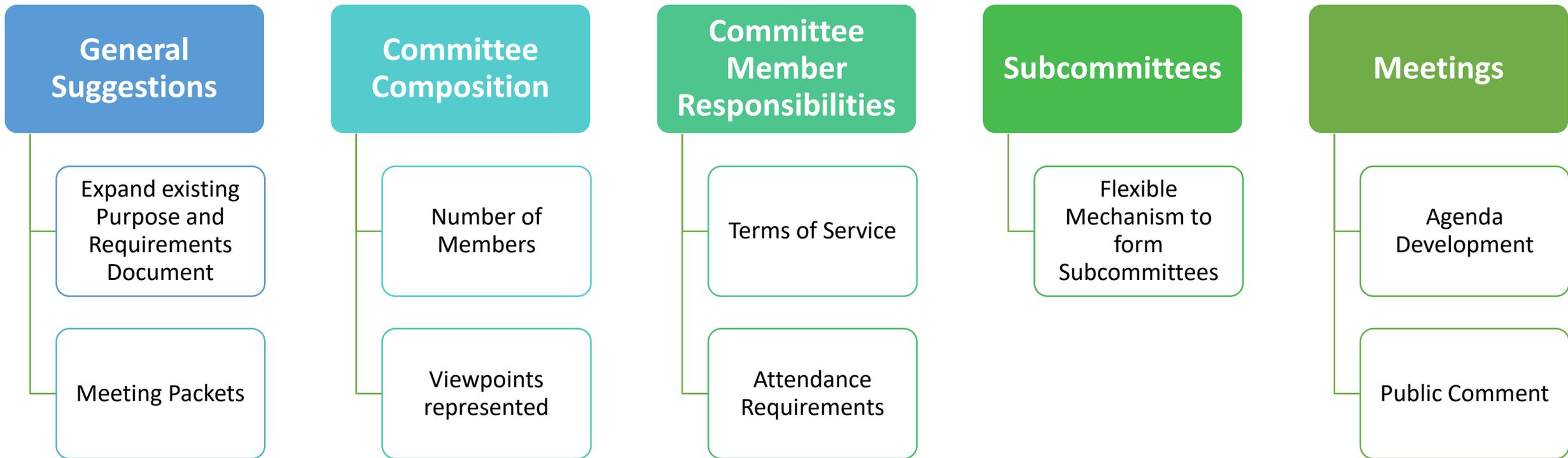
# So what does all of this mean?

- 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



## 2020 STRAC Meetings

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

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



# New Business

- 2020 Goal Setting
- STRAC Vacancies



# Public Comment

