

GRANICUS

State Legislation and Short-Term Rentals

What Local Governments Need to Know



Agenda Today

1 **Welcome and Introductions**

2 Market Overview

3 New, Pending, and Relevant Legislation

4 Legislative Trends

5 Implications for Local Governments

6 Questions and Next Steps



Company Introduction



6,000+

Government Agencies

have chosen Granicus to modernize their online services, web presence, and communications strategies



Seamless Digital Solutions

that help government to improve the customer experience, simplify/automate workflows, and enable strategic community development



Short-Term Rental Software & Services

- Compliance and Monitoring Software
- Proprietary and Updated Data
- Consulting and Advising Services



Today's **Experts**



Jeffrey Goodman, AICP

Planner, Consultant



Mike Bozich

Territory Manager,
Host Compliance at Granicus

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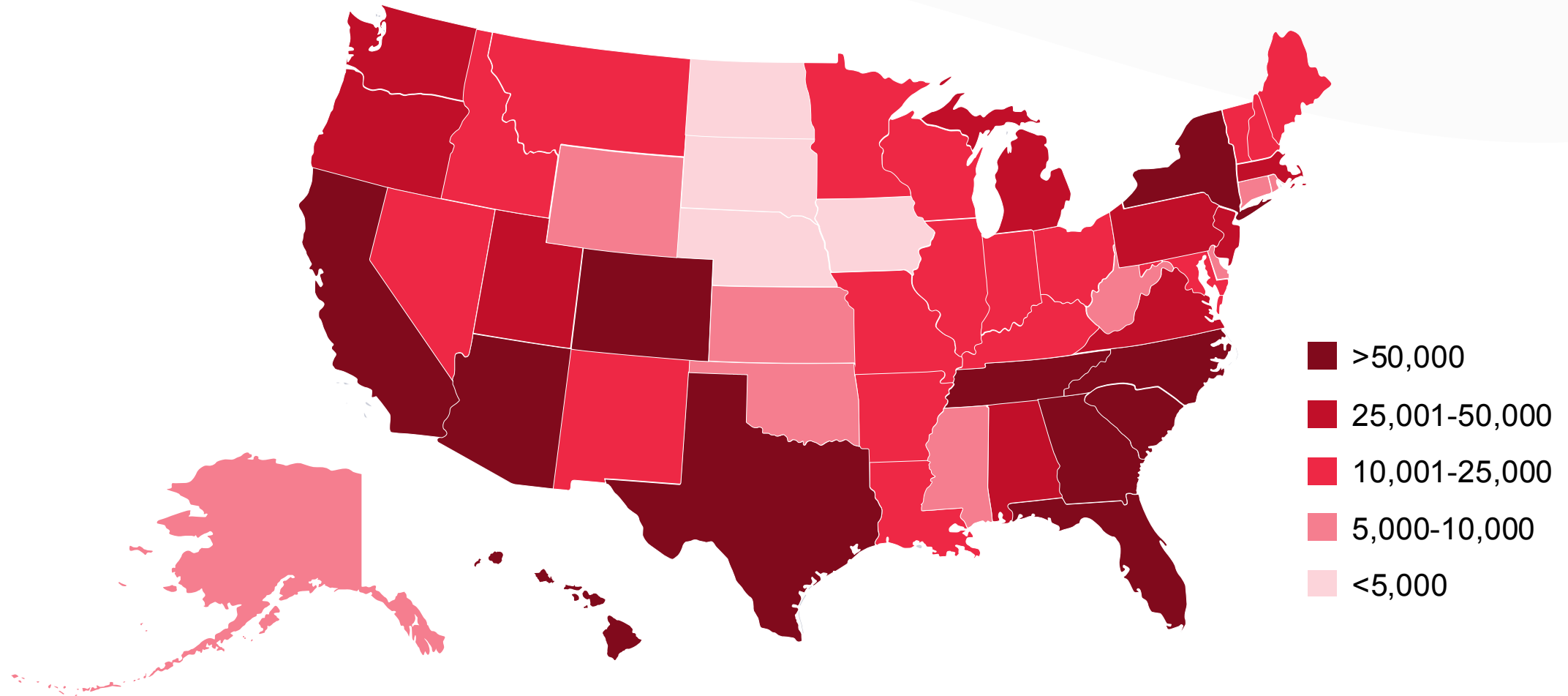
What is a **short-term rental**?



Rental of a residential dwelling unit usually for periods of **less than a month**. Commonly booked through one of the many online marketplaces available, such as Airbnb, VRBO, and others.



There are more than **2M** STR listings in the U.S., representing **1.6M** unique rental units



The Problem: Short-term rentals can have unintended impacts, displacing long-term tenants, straining infrastructure, and raising safety and fairness concerns



Conversion of long-term rentals into STRs can affect housing availability



Increased tourism can change "neighborhood character"



Visitors don't always know (or follow) local rules



Short-term renters may not care about keeping good neighborly relations



Increased occupancy can have negative trash related side-effects



Unfair competition from STRs can cause conflicts with traditional lodging providers

The good relative financial performance of STRs and the lack of prior focus on the industry, provides for an **attractive revenue enhancement opportunity for local governments...**



STRs are growing despite the economic slow-down

Focusing on those who have or are generating income and not claiming it

Particularly important for out of state STR hosts



Prior lack of focus on STRs as a government revenue source

Local governments have traditionally seen STRs as a small part of the lodging industry

Lack of focus on the industry and challenges with rental identification have led to low revenue recovery



Untapped revenue potential in the thousands, or millions

Yates County, NY collected \$172k in 6 months with Host Compliance

Many communities use tax, permitting and licensing revenue for affordable housing, tourism marketing, and more.



The STR market is nearly impossible to track manually as STR property listings are spread across 100s of different websites

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State Preemptions

'Health & Safety' Preemption

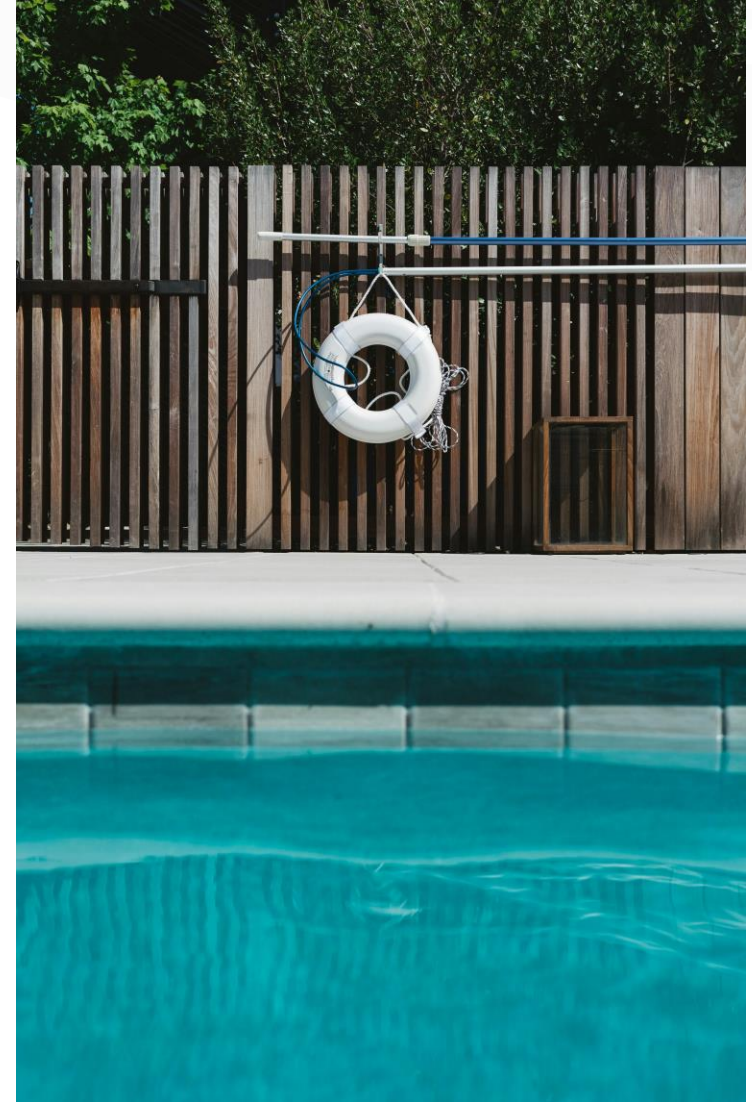
Idaho

Nebraska

Utah

Tennessee

- Ban on bans
- Limits on housing focused rules
- Property rights forward
- Residential-only definitions



State Preemptions

Florida

- Grandfathered ordinances from pre-2011
- Devolved some quality-of-life power in 2014
- Ban on bans, limits of duration or frequency
- "Held out to the public" standard



Massachusetts

- State registry
- State tax & community impact fees

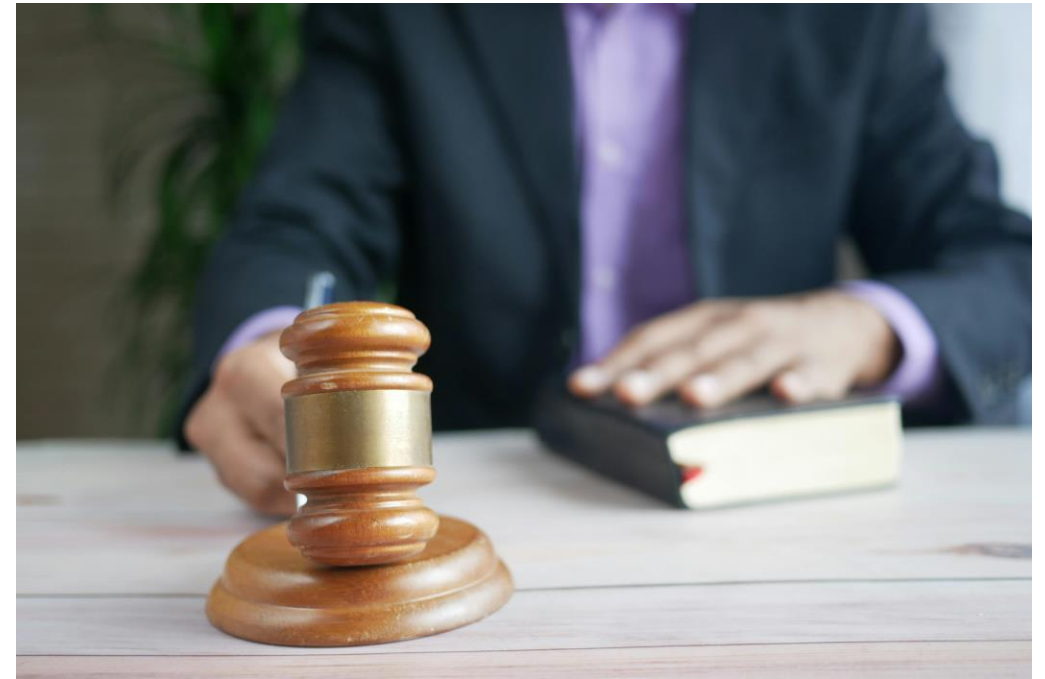


New & Pending Legislation

Florida

SB280 – Vetoed by Gov. Desantis

- Moves all registration enforcement to state
- Bans STR-specific ordinances
- Housing inspections
- Cap occupancy (2 per bedroom + 2)
- Platform responsibility for taxes
- Data sharing



New & Pending Legislation

New York

S885C – Awaiting signature by Gov. Hochul

- State registry
- Grandfathers existing registries / bans new ones
- Formalizes tax collection
- Allows local ordinances
- Empowers local governments to enforce state law
- Data sharing & platform responsibility



New & Pending Legislation

Hawai'i

SB2919 – Signed by Gov. Green

Driven by post-disaster community activism

Devolves power to counties

Regulate time, place, manner, duration

Phase out in residential and agricultural zones

Maui moves to eliminate 7k STRs in 'Minatoya list'



New & Pending Legislation

Other introduced bills

Michigan

HB5438 – State registry, formal state standards, 'health & safety' local laws, ban on bans, allows for caps



Louisiana

HB 591 – Bans local governments from regulating online marketplaces

HB 625 – Allows property owners to demand payment when a new local ordinance 'burdens' their property



What's going on with VCAs?

Considerations

- Time & Place
- No way to reconcile
- Loopholes



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Legislative Trends

Subtler attempts

State preemption more targeted, lower temperature

Airbnb seems less aggressive about pushing preemption legislation post-IPO

Some evidence of shared bill writing

Housing issues

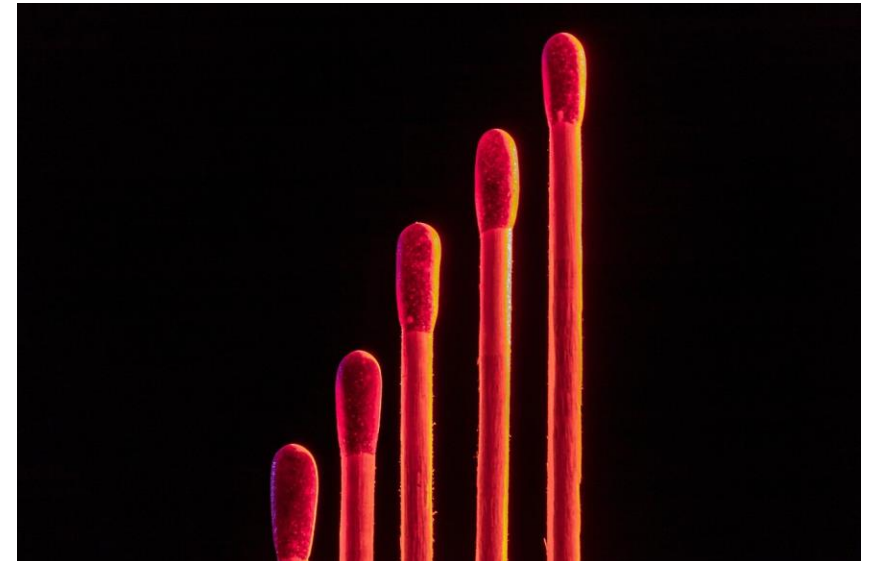
State-level housing bills going further than years past (CA, WA, MA, MT)

Specific STR rules included in these overall bills

State involvement in enforcement

State-level registries and/or enforcement

Tax consistency (Colorado)



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Implications

States are trying to pass legislation and getting closer every year

The sooner you get your regulations and compliance program in order, the better your chance of success

Get involved! Work with municipal leagues and regional organizations to ensure your voice is heard



Key Stakeholders for Short-Term Rental Compliance and Regulations



Finance



Planning



Code
Enforcement



Tourism

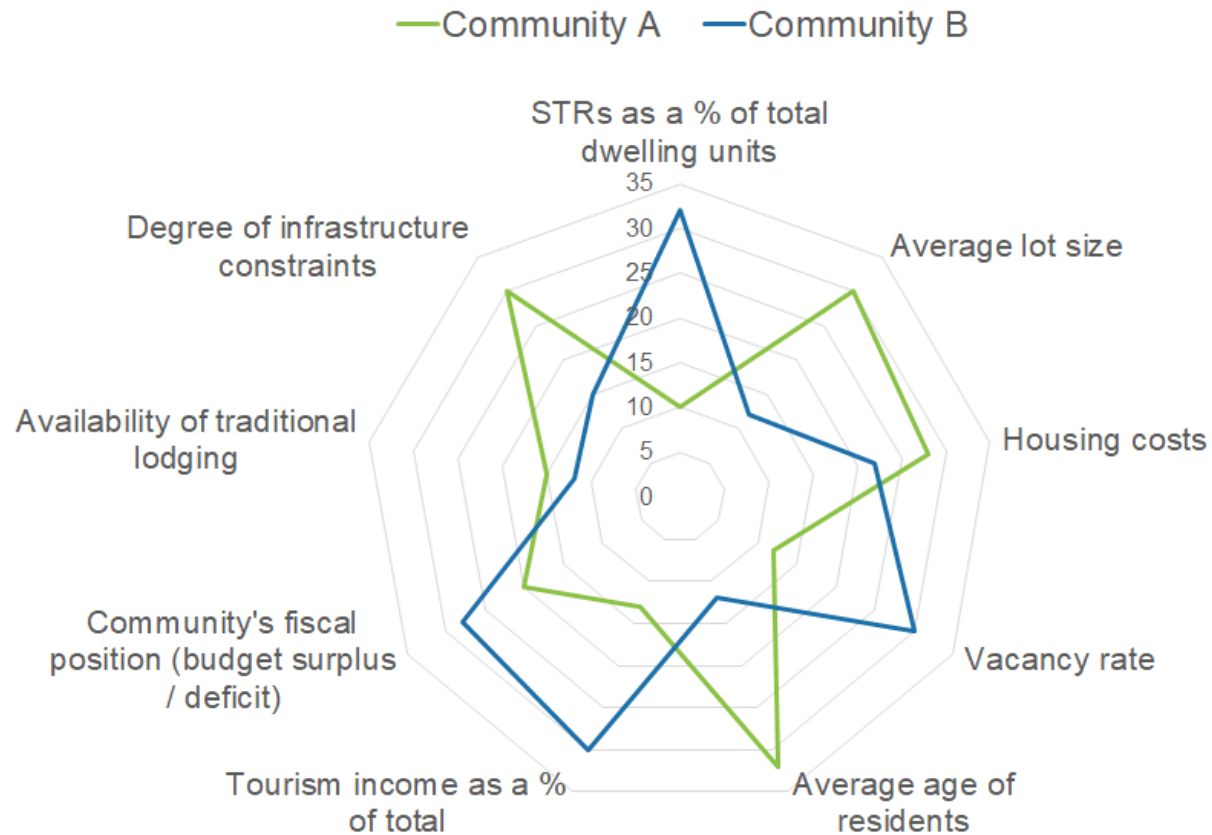


City Managers



Elected Officials

Write an Ordinance for **Your Community**



**ONE SIZE
DOES NOT
FIT ALL**

Targeted Regulations to Mitigate and Minimize the Unwanted Side Effects of STRs

Common STR Policy Objectives

Common STR Regulations

Ensure Housing Availability



- Only allow permanent residents to operate STRs
- Disallow rentals in subsidized housing
- Set annual rental frequency limits

Neighborhood Preservation



- Set neighborhood quotas
- Ban signs

Protect Quality of Life



- Require adequate parking and garbage disposal
- Require hosts to post noise ordinance
- Require a local contact person
- Differentiate rules for hosted and non-hosted stays

Safety



Require physical safety and habitability inspections

Do...

1. Understand the marketplace

2. Articulate the ultimate regulatory goals

3. Get that more complexity means more cost for compliance

Get the data

Require a permit

- For renting
- For advertising

Build in accountability

- Local contact person
- Insurance & liability
- Inspection

Create or adapt a mechanism for dealing with violators

- Penalties must be a real deterrent

Make everybody pay their taxes!

Don't...

1. Ignore the issue
2. Rely entirely on complaints to set the agenda
3. Regulate unfairly
4. Rely on the listing companies to solve the problems
5. Create an unenforceable system



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Questions?



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govService **Host Compliance**



Address Identification

Automated monitoring of 70+ STR websites and online dashboard with complete address information and screenshots of all identifiable short-term rentals.



Compliance Monitoring

Ongoing monitoring of STRs for zoning and permit compliance coupled with systematic outreach to illegal short-term rental operators.



Permitting & Registration

Online forms and back-end systems to streamline the registration process and capture required documentation, signatures and payments electronically.



Tax Collection

Make tax reporting and collection easy for hosts and staff to submit and review online.



24/7 Hotline

Make it easy for neighbors to report, prove, and resolve non-emergency short-term rental related problems in real-time, any day, at any hour.



Rental Activity Monitoring

Estimate occupancy or rental revenue for each property and identify audit candidates who are under-reporting on taxes or exceeding occupancy regulations.

Poll: Would you like a complimentary short-term rental assessment?

- Yes
- No



Thank you!