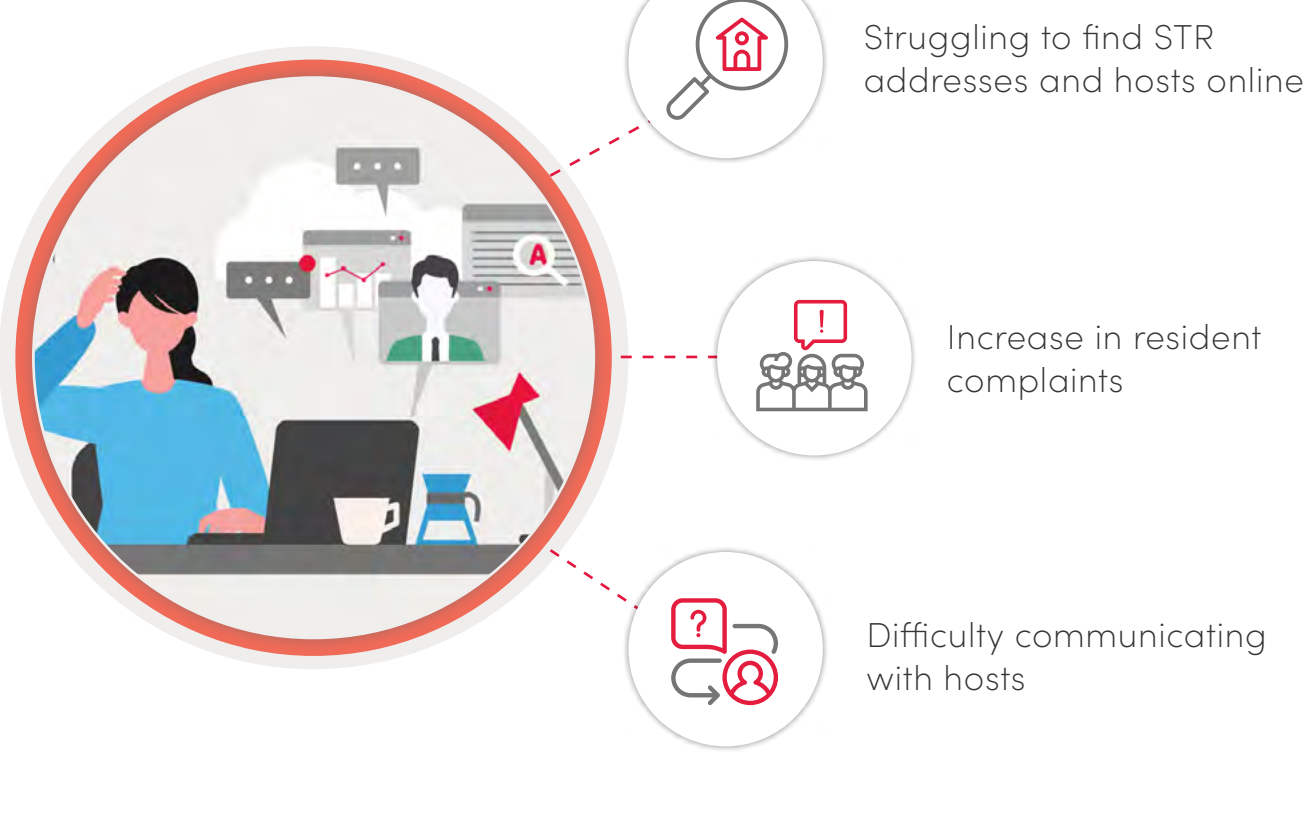


What is a Short-Term Rental?

Renting out residential space is nothing new, but over the past decade the short-term rental (STR) market has gone through major changes. These days a short-term rental refers to the rental of a residential dwelling unit (either the entire dwelling or a room(s) within it)* in any housing type (e.g. houses, secondary suites, carriage houses, garden suites, cabins, apartments and condos) for a short period of time (e.g. less than a month). These rentals are typically facilitated by online platforms like Airbnb and VRBO.

STR-Related Challenges Governments Face:



In Alabama, there are four desirable locations for STR investment properties:



BEACH

Gulf Shores has over 5,000 active rentals at \$271 a night on average with a 74% occupancy rate. (\$4,000/mo in rental income).



MOUNTAINS

Small towns like Mentone are becoming desirable places to buy a second home for renting (77% occupancy rate).



CITIES

Birmingham is an up-and-coming city with lots for visitors to do (65% occupancy rate overall)



LAKES

Guntersville ranks higher than the national average in terms of occupancy at 65% (\$2,880/mo in rental income).

Source: Yellow Hammer News

<https://yellowhammernews.com/4-locations-where-a-vacation-home-could-be-making-you-money/>

More than ever, STRs can be an opportunity for governments:



Proactive enforcement is necessary for the pandemic, and beyond.

Shut-downs related to COVID-19 demonstrated cracks in reactive STR enforcement

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



There is a minimal negative impact as it relates to administrative tasks while maximizing returns and efficiency.

Few initiatives offer so much with such little investment

The benefits continue with less upkeep over time



You'll discover untapped revenue potential in the thousands, or millions.

Many communities use additional revenue for affordable housing, tourism activities, and more

Nashville generated an additional \$2.8 million in STR related taxes in its first year

Make sure your community gets these benefits by creating an enforcement plan.

Why enforcement plans matter

Develop an enforcement plan and make it readily accessible to the public. Publish it on a designated STR webpage, for example, to help local governments manage public expectations while promoting transparency and accountability.

What enforcement plans can include:

The goals of the regulation and enforcement program.

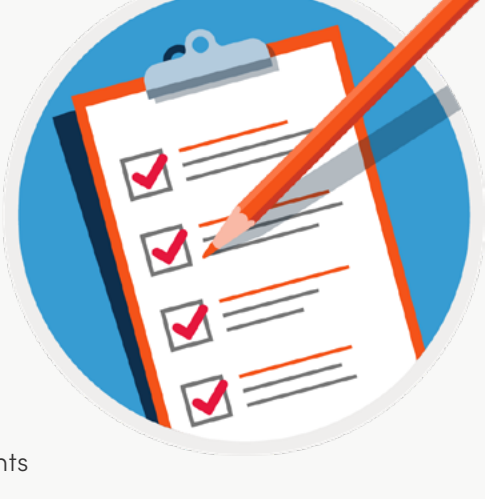
Laying out the goal helps STR operators and residents understand the purpose of the STR regulations and establish expectations and standards for enforcement with clearly stated goals.

A description of the appeals process.

Outlining the appeals process gives operators clarity on how they can appeal a decision like a revoked or suspended license.

A description of the complaints process.

By clearly defining the complaints process, residents are made aware of how to make a complaint or report a non-compliant STR operator and what the resolution process will entail.



The defining categories of non-compliance.

Establishing the terms of non-compliance helps STR operators, residents, and staff understand what is and is not permitted under state and local regulations. Categories may include operating without a license, operating in an unpermitted zone, operating in a non-principal dwelling unit, and not displaying the business license number on the advertisement.

A description of the actions that will be taken.

Informing STR operators of the process helps them understand how and why enforcement decisions are made. This can include warning letters, fines, suspension, and revocation of licenses as well as audits, inspections, and legal proceedings.

Steps to Increasing Regulation Compliance

STR regulations can have a variety of goals ranging from zoning requirements to increasing revenue that funds local tourism promotion. Regardless of the goal, it is important that they are enforceable.



01

Know your market

Knowing how many are in your jurisdiction and where they are located is a good place to start.

Educate hosts on compliance requirements

Education is an opportunity to inform residents of local laws and their importance. Only about 10% of hosts will come into compliance without education on how to do so with local laws.

02



03

Make compliance simple

Listing an STR online is simple and straightforward, so getting into compliance should be the same. Send letters that direct hosts where to go online to register and provide phone support for new, existing, and potential hosts.

Monitor progress

Have a system that allows you to identify and communicate with new hosts on an ongoing basis. Once new hosts are identified, keep track of their compliance and what communications they have received from you.

04



BEST PRACTICE TIP

Send 3 letters to hosts educating them about what the regulations are, why they exist, and how they can become compliant.

If you need help establishing a new STR program (or you'd like a free assessment of an existing program), contact us today. Whether you're just starting out or are looking to improve, we can help.

Reach Out >>>

*non-dwelling units (e.g. vans, boats, parking spaces, campgrounds) can also be listed as a STR, but these represent a small fraction of STR activity.

