



Short Term Rental ADVOCACY CENTER

Promoting best practices in short term rental regulation

Lessons Learned: The Best Laws & Approaches to Short-Term Rentals



Short-term rentals for 30 days or less is a vibrant, growing market

- 49% of travelers stayed in or are planning to stay in a short term rental this year, up from 40% in 2011
- Travelers like the affordability, space and ability to stay with large groups in short-term rentals
- Short-term rentals represent a \$24 billion annual market in the U.S.— 8% of the total U.S. travel market
- According to PhoCusWright, there are 1.2 million vacation rentals in the U.S.

*sources at www.stradvocacy.org/assets/STRAC-Fact-Sheet-v21.pdf

Short-Term Rental Facts



Like all **fast-growing, market-based** innovations, many are left wondering what this means for their communities.

With little information, states and municipalities have passed a **patchwork of regulations**.

We believe **local regulations should be easy for residents to locate, understand and comply with.**



What's “good” regulation?



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The issue: The community in the Coachella Valley first passed short-term rental regulations that required:

- Conditional use permits (\$500 or more) and a three-day minimum for short-term rentals.
- Restrictions on parking, noise, the number of renters, and the days a property could be rented annually.
- Public hearings for all applications. In one case, the Palm Desert Planning Commission [denied an application](#) without evidence of wrongdoing.

The California Desert Association of Realtors [predicted](#) the permit process would lead to few following the law and paying the occupancy tax. Ultimately, the city agreed.

Palm Desert, CALIFORNIA



Lesson Learned

Exorbitant fees and an onerous process to register properties did not work for the city or short-term renters. A reasonable registration process and fee is a sensible approach, allowing for this market to grow while creating safeguards for Palm Desert residents.

The solution: In April 2012, a Palm Desert ordinance went into effect for the licensing of all residential short-term rentals. Those [rules call](#) for:

- A short-term rental permit, if the property is rented for 27 days or less. Permits must be renewed annually.
- An application fee of \$25 per property.
- A fine of up to \$5,000 for anyone without a permit or not collecting a 9% Transient Occupancy Tax.

The Result: More residents registered, compliance rose and the city collected more transient occupancy taxes.

“We learned that we needed to focus on the dealing with the loss of transit occupancy tax, and to look at a nuisance as a nuisance no matter how the property is being managed or lived in... we decided to create an ordinance that would promote the business side of our rental community establishing a low fee license to encourage registration.”

[Tony Bagato](#), Principal Planner, City of Palm Desert

Palm Desert, CALIFORNIA



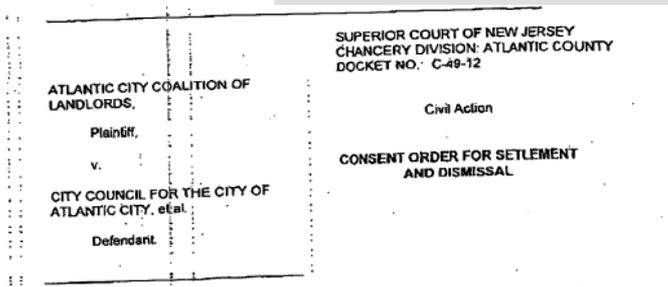
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The issue: In the summer of 2011, the City Council of Atlantic City quietly voted to prohibit residential property owners from renting their properties for less than 90 days at a time to address allegations of late night noise and parties. There was very little evidence of those “parties” and such a change was a de facto ban on vacation rentals.

The solution: Short-term rental providers formed a coalition, the Atlantic City Coalition of Landlords, hired an attorney and began holding meetings and conference calls.

Lawyers found the city wrongly targeted “absentee owners” and sought to define short-term rentals as hotels. In fact, by targeting “absentee owners” the city was violating New Jersey law. The Supreme Court judge ruled in the coalition’s favor.



Atlantic City, NEW JERSEY



Lesson Learned

Building a large, well-coordinated group with strong legal representation is incredibly powerful. In the case of Atlantic City, it led to a historic legal ruling.

The result: Instead of forcing the city to summary judgment, the group reached an agreement with the city in December 2012 that repealed the ban and stipulated that the city wouldn't prohibit short-term rentals or impose fees on those rentals in the future.

"It's critical to have and build relationships with other local property owners as this provides strength and resources in fighting those that attempt to wrongly restrict vacation rentals..."

"We ended up paying \$35,000 to our lawyers, but that was well worth it given the results we achieved. The more members you have the better as it helps defray the cost, our costs though not fun became affordable with more people involved. It was a very worthwhile investment."

Steve Laskarides, Atlantic City, New Jersey



Atlantic City, NEW JERSEY



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The issue: Three cabin rental property managers in Blue Ridge, GA formed a group shortly after a local vacation cabin rental company went out of business and allegedly had collected and not remitted taxes.

The solution: [The Blue Ridge Lodging Association](#) was formed as an alliance of lodging providers working and solving common problems, such as issues with renters, working with subcontractors and how to comply with regulations and pay taxes.

The association designed [qualifications](#) for others to join, such as proof of paying local lodging taxes, and set best practices for short-term rentals. They created a board, solicited all lodging providers in the area, and planned an event, the Blue Ridge Blues and BBQ Festival, during a slow time between seasons to give people a reason to visit.



Blue Ridge, GEORGIA



Lesson Learned

Forming a tight-knit group locally that is focused on advancing the interests of short-term rentals is formidable. And creative contributions like the Blues and BBQ festival only makes your group more important to your community.

The result: The association has united short-term rental providers in the mountains of North Georgia. The [Blues and BBQ Festival](#) brought 8,000 to Blue Ridge over two days last year.



“The festival has allowed our board to form great relationships with local officials between the city, county and chamber of commerce. They - as well as local businesses and residents - appreciate our festival and the meaningful benefits short-term rentals bring to Blue Ridge.”

[CJ Stam](#), President, The Blue Ridge Lodging Association

Blue Ridge, GEORGIA



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- When communities decide to regulate short-term rentals in a clear and simple way, such as requiring visitors to pay taxes, rental providers, local businesses and government budgets benefit.
- Check out these examples of local areas that have enacted clear, easy-to-understand taxes and how communities have benefited from the revenue:

In Orange County, Florida, the tourist development tax on visitors who stay in short-term rentals generated \$15.2 million in July 2013 alone. That figure is up 5.4% over the same time period a year ago. County Comptroller Martha Haynie said the income “will help the county in meeting its current financial obligations.”

Okaloosa County, Florida, 12,200 properties pay a local occupancy tax and state sales tax that brought in around \$13.2 million in 2012. The income funds the Tourist Development Council’s operations and advertising to attract more visitors, creating a positive and mutually beneficial cycle.

Mutually Beneficial Regulations



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- Check out these examples of local areas that have enacted clear, easy-to-understand taxes and how communities have benefited from the revenue:



The city of Encinitas, California used roughly \$500,000 it pulled in from an occupancy tax on short-term rentals to help fund research for a project to replenish eight miles of its beaches.

The Bradenton Area Convention Center & Visitors Bureau in Florida is partnering with *Southern Living* magazine to host a restaurant week and country music concert next year. The festival is designed to attract visitors and is funded through revenues from the bed tax that all Manatee County visitors pay when they stay in a local hotel or short-term rental property.

Mutually Beneficial Regulations



PAII Calls for Equality for Short Term In-Home/Apartment Rentals

Thursday, February 07, 2013 (1 Comments)

Posted by: Ingrid Thorson

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Professional Association of Innkeepers International calls for equal compliance with tax collection, basic safety and leasing laws for short term in-home/apartment rentals.

February 7, 2013 – Charleston, SC. The Professional Association of Innkeepers International (PAII) leadership announces the adoption of a position statement encouraging fairness and responsibility from those engaged in the renting of rooms to travelers on a short-term basis in residential environments, commonly referred to as vacation rentals (VRs) or short-term rentals (STRs). To view the position statement, please [click here](#) or scroll down.

"With the rise and popularity of web sites that offer any homeowner the chance to earn income on spare bedrooms, and after several media reports promoting such opportunities, we feel it is prudent to shed some light on important matters," says Jay Karen, PAII's president and CEO. "We encourage and endorse travelers discovering new options for local, authentic lodging – but we are also concerned about matters of fairness and safety," added Karen.

"It seems that city councils, mayors and other local governmental authorities have been inconsistent in their treatment and oversight of short-term rentals in their communities," comments Kristie Rosset, co-owner of Lookout Point Lakeside Inn in Hot Springs, Arkansas, and chair of the PAII Board of Directors. "The PAII board strongly recommends a common sense level of allowance, regulation and fairness for short term rentals," finished Rosset.

The PAII position statement addresses issues such as fair taxation (property owners should collect and pay requisite sales and occupancy taxes), legality (property owners should follow local laws and leasing regulations, or seek to change undesirable ones) and safety (property owners should take extra precautions to protect their guests).

Professional Association of Innkeepers International



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PROMOTION OF ECONOMIC DEVELOPMENT THROUGH THE VISITORS INDUSTRY

WHEREAS, communities throughout the United States rely on local hotel taxes to promote travel and tourism and support the local visitors industry; and

WHEREAS, local hotel taxes often fund convention and visitors bureaus, convention centers, sports arenas and sports teams; and

WHEREAS, local hotel taxes often support local cultural programs including music, film, gaming, visual arts, dance and more; and

WHEREAS, short-term rental of homes can often be subject to hotel taxes; and

WHEREAS, short-term rental of homes can provide a flexible housing stock that allows family travelers spending longer periods of time in a community a safe accommodation while contributing to the local economy; and

WHEREAS, short-term rental of homes can provide homeowners an opportunity to hold property as an investment, for a better sales market, or for future planning; and

WHEREAS, fair regulation of short-term rentals ensures greater compliance and greater receipt of local hotel taxes; and

WHEREAS, regulations of short-term rentals that establish a reliable way for a municipality to identify and contact the short-term rental owner, make the tax collection and remittance obligation clear and treat the short-term rental owner the same as long-term rental owners can achieve the highest level of compliance; and

WHEREAS, onerous regulations of short-term rentals can drive the industry underground, thus evading local regulations and local hotel taxes;

NOW, THEREFORE, BE IT RESOLVED, that the U.S. Conference of Mayors urges support for economic development opportunities through the visitors industry by encouraging regulations of the short-term rental industry that (1) establish a reliable way for the municipality to identify and contact the short-term rental owner; (2) make the tax collection and remittance obligations clear to the short-term rental owner; and (3) treat short-term rental tenants the same as long-term rental tenants. Regulations that accomplish all three can achieve a high level of compliance, and are highly effective.



US Conference of Mayors Resolution, unanimously passed June 2012



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