

Short Term Rental Ordinance

May 9, 2023





Agenda



1. Short-term rentals in Flagstaff (zoning, state law and numbers)
2. Propose schedule for ordinance adoption
3. Report on public input and feedback
4. Present draft ordinance to license short term rentals
5. Receive City Council direction

Short Term Rentals Defined

Any residential unit rented for less than 30 days



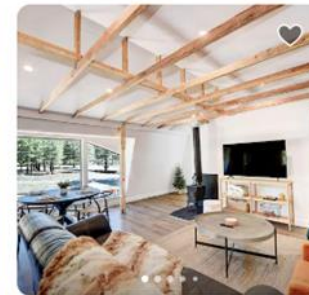
Flagstaff Any week 2 guests

Over 1,000 homes

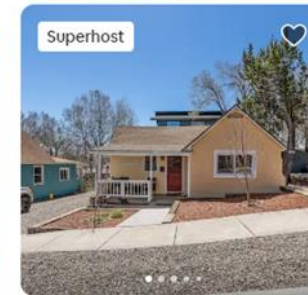
Filters



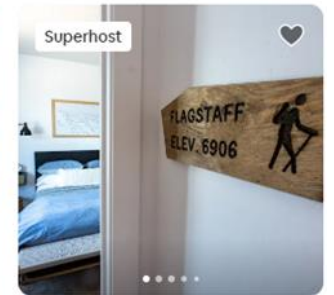
Home in Flagstaff ★ New
The Ponderosa - NEW! Stylish...
4 beds
Oct 25 - 30
\$241 night



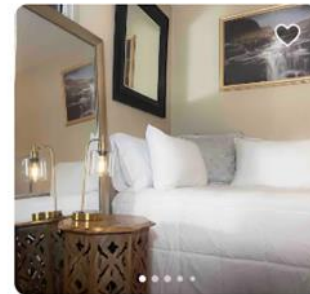
Cottage in Flagstaff ★ New
Perfect Private Mountainside ...
2 king beds
Nov 1 - 7
\$137 night



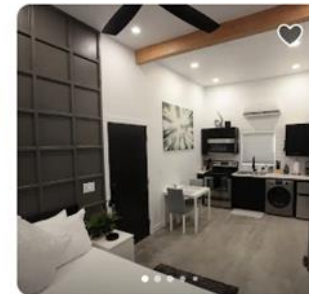
Home in Flagstaff ★ 4.97 (32)
Historic Farmhouse close to ...
2 queen beds
Nov 6 - 12
\$110 night



Guest suite in Flagstaff ★ 4.99 (155)
Dark Sky, Queen Bd, Rails ...
2 beds
Oct 30 - Nov 4
\$89 night



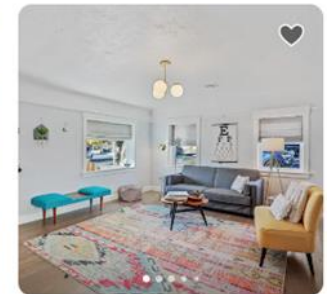
Apartment in Flagstaff ★ New
The Private Escape - Luxuriou...
2 beds
Oct 23 - 28



Home in Flagstaff ★ New
(3) New, Modern, & Private ...
1 queen bed
Oct 16 - 21



Bungalow in Flagstaff ★ 4.96 (49)
Downtown Green Gable ...
1 king bed
Oct 10 - 15



Home in Flagstaff ★ 4.84 (45)
Newly Relisted! Precious ...
3 beds
Oct 30 - Nov 4



TEAM FLAGSTAFF
WE MAKE THE CITY BETTER

Schedule of Events

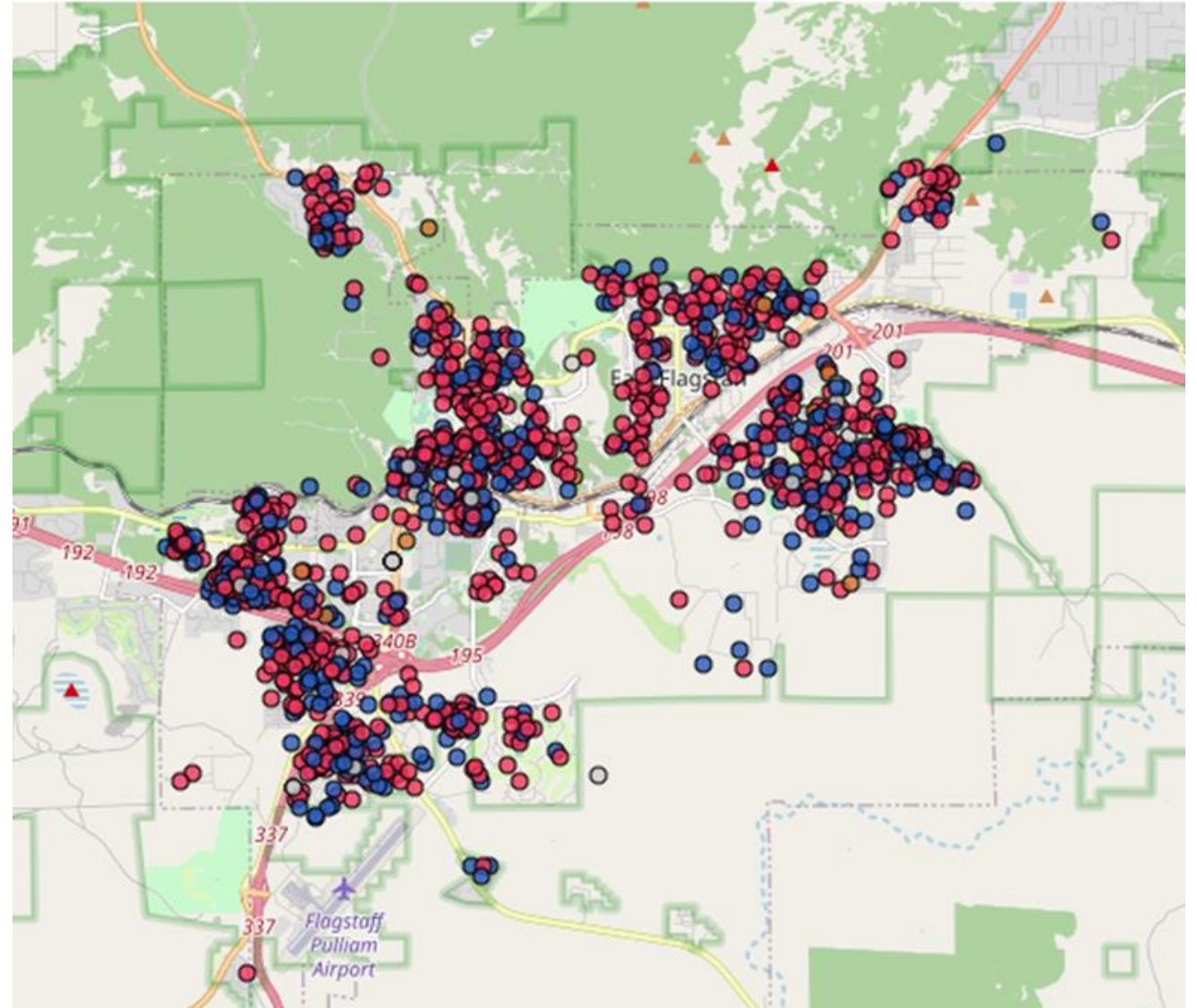
Event	Date
SB1168 signed by Governor	July 2, 2022
Council gave staff direction to begin creating a Short-Term Rental Licensing System in Flagstaff	Oct. 11, 2022
Open House to gather feedback from the community on draft ordinance	March 27, 2023
Rate analysis completed	April 21, 2023
60-day fee notice	April 21, 2023
Staff presents draft ordinance to Council, incorporating community feedback	May 9, 2023
1st read of ordinance	June 20, 2023
2nd read of ordinance and fee adoption	July 3, 2023
Ordinance effective date - Fee payment and licensing process begins	Fall 2023 (Goal of Sept. 1)





STRs in Flagstaff

- Most are in single-family residential neighborhoods
- 1,045 unique properties, 731 registered
- About 3.3% of all residential units are STRs (including apartments)
 - Most Valley cities about 1-2% of all residential units
 - Sedona about 10% of all residential units
- STRs are required to pay local transaction privilege tax (4.281%) and state TPT on gross revenues





Background –Zoning and City Code

- City allows STRs in all zones
 - If there is a Single Family Dwelling Unit and an Accessory Dwelling Unit on the same lot, they cannot both be separately leased as STRs. Zoning Code Section 10-40.60.030(E) and (G)
- STRs are subject to City Code regulations including noise, parking, solid waste, building and fire codes



Background – A.R.S. 9-500.39

- City has required registration of STRs since January 2021
- City now may require:
 - Licensing
 - Emergency contact information
 - Notice to neighbors
 - Payment of a license fee of up to \$250
 - Penalties



Background – A.R.S. 9-500.39

- What City cannot do:
 - Exclude STRs from single-family residential zones
 - Regulate or cap the number of STRs in the City
 - Require STRs to be owner-occupied
 - Regulate STRs differently than single-family dwelling units unless required for public health and safety



Public Comments on Draft Ordinance

- Open house held on March 27, 2023 at City Hall
 - Over 200 attendees both in person and online
 - Feedback and questions received from attendees and by email
 - Staff met after the open house to review feedback and incorporate into the draft ordinance
 - Owners expressed interest in collecting data on owner-occupied STRs, the appeals process for verified violations, the frequency of neighbor notifications, and emergency contact requirements.
 - Resident concerns included noise, strangers, backyard fires, reduction in affordable housing supply, and regulating STRs as businesses.



Draft Ordinance

License Required

- License required before offering a STR for rent
- Separate license for each STR that is separately leased
- License is non-transferable
- The penalty for failure to have a license is \$1,000 per month after City provides 30 days' notice
- License is for 1 year



Draft Ordinance

License Fee

- State law sets maximum fee at \$250
- City will charge an annual fee
 - Preliminary rate study supports fee of \$175
 - Fee pays for software licensing and code compliance
 - Owner-occupied STRs will pay same fee as offsite owners



Draft Ordinance

License Application

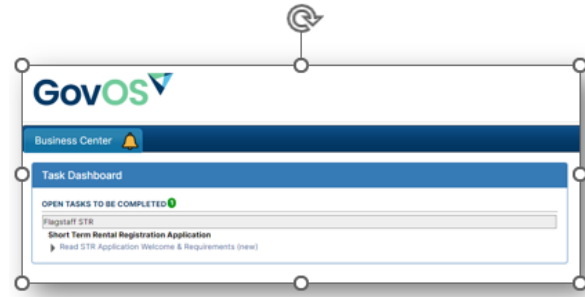
- Address of the STR
- Contact information for STR owner
- Name, address, email address, & 24-hour phone number of emergency point of contact
- Transaction Privilege Tax (TPT) license number
- Statement that the owner will comply with all applicable laws, is not a registered sex offender and does not have a felony conviction for death, serious injury or use of a deadly weapon
- Attestation that neighborhood notification will be completed
- Payment of license fee
- Proof of lawful presence in the United States

Application Process

- Current online registration system (LodgingRev) will be converted to an online licensing system
- Once implemented, property owner will see the license application in the "open tasks" section



Login to Business Center



Complete Online Form



Upload Documents (Optional)



Review Fee



Pay Fee via Bank Account or Credit Card



Draft Ordinance

License Denial

- The City may deny a license if the applicant:
 - Fails to provide required information
 - Fails to pay the license fee
 - Provides false information
 - Is a registered sex offender, has a felony conviction for death or serious physical injury or has a felony conviction for use of a deadly weapon within the last 5 years



Draft Ordinance

Neighbor Notification

- Owner shall provide notice of STR and emergency contact information to:
 - Each single-family unit adjacent, directly across, and diagonal from the STR
 - Residents on the same floor of a multi-family building
- A new notice is required
 - If emergency contact information changes
 - At time of license renewal
 - No new notice required if new neighbors move in



Draft Ordinance

Emergency Point of Contact

- Emergency contact must be available (in-person or by phone) within 60 minutes for emergencies that require police response
- Does not need to be the STR owner
- The penalty is \$1,000 for every 30 days information is not on file, after City provides 30 days' written notice.



Draft Ordinance



Advertisements & Posting

- Advertisements will need to display the STR license number
- A notice must be posted at each STR with emergency contact information and noting prohibited uses under the STR code



Draft Ordinance

Sex Offender Background Checks & Liability Insurance

- City will not require sex offender background checks on booking guests (as drafted)
- City will not require \$500K liability insurance (as drafted)



Draft Ordinance

Verified Violation

- "Verified violation" means a finding of guilt or civil responsibility for violating any state law or local ordinance relating to a purpose prescribed in A.R.S. Section 9-500.39 subsections B or K that has been finally adjudicated (a final decision of a court or administrative hearing officer with no further right of appeal).
- A verified violation will include using a STR for a prohibited use.
- Prohibited uses include nonresidential uses (other than STRs), housing sex offenders, selling illegal drugs, liquor control or pornography, and other uses in violation of law or the City Code that related to public health and safety.



Draft Ordinance

Verified Violation – Must be "Finally Adjudicated"

- A Code Compliance citation is not a verified violation
 - Citation may be appealed
- A verified violation is a final decision of a court or an administrative hearing officer (with no further right of appeal)



Draft Ordinance

License Suspension

- The City may suspend a STR license for up to 12 months for:
 - 3 verified violations within 12 months
 - Not including any aesthetic, solid waste disposal or vehicle parking violation that is not also a serious threat to public health and safety.
 - 1 verified violation that results in a felony offense committed by the owner at the STR, serious injury or wrongful death, knowingly housing a sex offender, allowing prostitution or allowing the use of the STR for a special event that would otherwise require a permit



Draft Ordinance

Penalties for Verified Violations

- \$500 for 1st verified violation
- \$1,000 for 2nd verified violation within 12 months
- \$3,500 for 3rd and any subsequent violations within 12 months
- Citations may be contested and the owner is entitled to an administrative hearing; hearing officer will render decision



Complaints and Code Compliance

- Code Compliance works with residents and property owners
- Current online [incident reporting form](#) will remain live
- Current complaint hotline (928) 714-7951 will remain live

Short-Term Rental Solution

Language: [English](#) | [Español](#)

Property Incident Form

Please fill out the following information to log your complaint.

Hotline Phone Number: (928) 714-7951

Property Information:

Select the property's city *

Flagstaff, AZ

Select a complaint type *



Public Outreach Plan

- Email to all current registered STR owners
- Outreach from Lodging Rev to all owners of STRs being advertised on AirBnb/ VRBO/ etc.
- Social media/ news releases
- Interested parties email distribution list
 - Realtors
 - Insurance agents
 - HOA representatives and neighborhood associations
 - Local interest groups



Stay up to date

- Visit [Flagstaff.az.gov/STRL](https://flagstaff.az.gov/STRL)
- Email shorttermrental@flagstaffaz.gov to be added to the interested parties email distribution list or for any other questions



Questions and feedback

