Short Term Rentals: Entrepreneur’s Delight or Devil in Disguise

LAI PHOENIX
FEBRUARY 20, 2020
744 Short Term Rentals
Ancient Dwelling & UNIQUE Cave on The Creek. WOW!!

Sedona

- Cave
  4 guests  1 bedroom  1 bed  1 bath

- Great check-in experience
  95% of recent guests gave the check-in process a 5-star rating.

- Great location
  95% of recent guests gave the location a 5-star rating.

Dan

$169 per night

Dates
- Check-in  →  Checkout

Guests
- 1 guest

Book
Short-Term Rental Ownership (June 2019)

- 30% (230 units) 'Sharing Economy' Owners
- 34% (250 units) Off-Site Arizona Owners
- 36% (264 units) Out of State Owners
Impacts to Neighborhoods and Community

- Housing affordability
- Loss of housing inventory for full time employees
- Loss of residential character in neighborhoods
- Commercial activity in residential districts
- Large scale residences = neighborhood hotels
Impacts to Neighborhoods and Community

• Large influx of new lodging inventory with no planning, public process, or local control
• Verde Valley vs. Sedona
• Disruption to hotel market – hiring of hotel workers
History of Short Term Rental Legislation

• City of Sedona prohibits short term rentals (1995 – 2017)
• SB1350 becomes law (effective Jan 2017)
  ➢ Preempts cities and towns' ability to prohibit or regulate STRs
  ➢ Agreement with Airbnb to remit taxes
  ➢ HOA authority through CC&Rs
History of Short Term Rental Legislation

- Challenge to Sedona business license requirement
- SB1382 becomes law
  - Requires all online marketplaces to remit taxes
- HB2672 becomes law
  - Allows cities to obtain emergency contact info
  - Requires tax ID to be posted on property listing
  - DOR fines for violations
History of Short Term Rental Legislation

• 2019 – Joint Ad Hoc Committee on the Impact of Short Term Rentals on Arizona Communities
• Pending Legislation
  ➢ HB2176: Investor-owned STRs restricted to commercial zones
  ➢ HB2875: Requires various operating standards
  ➢ SB1554: Investor-owned STRs can only be rented one time in 30 day period.
  ➢ SCR1042 & HCR2037: Referendum to repeal SB 1350
Short TermRentals

Private Ownership Rights vs Community Rights