



Denver Excise and Licenses
BIZ Committee Update
10-17-18

Presentation Road Map

EXL Operations Update

Upcoming Security Guard Changes

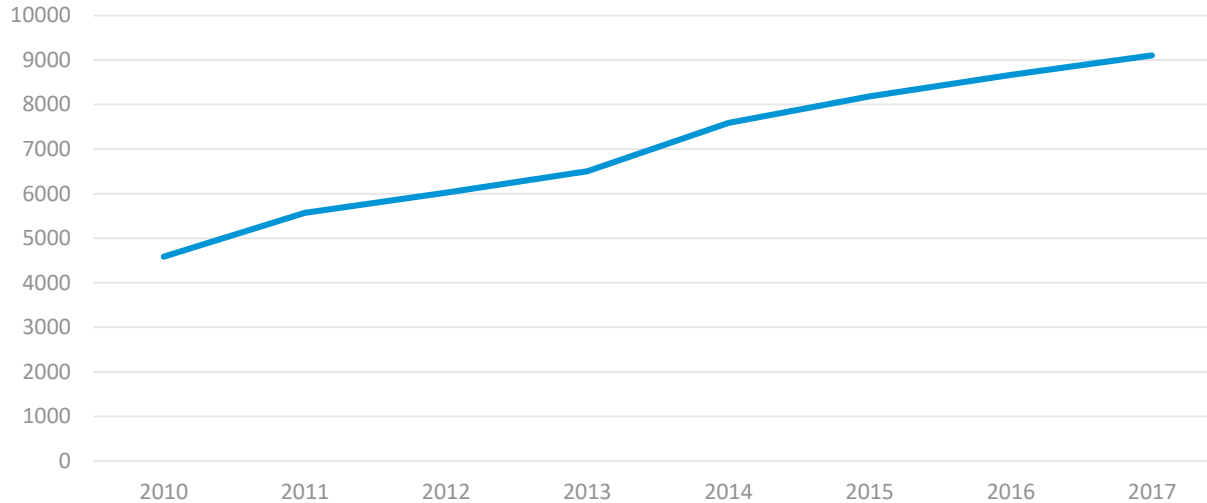
Short Term Rental Update

Questions



Operations - Licensing

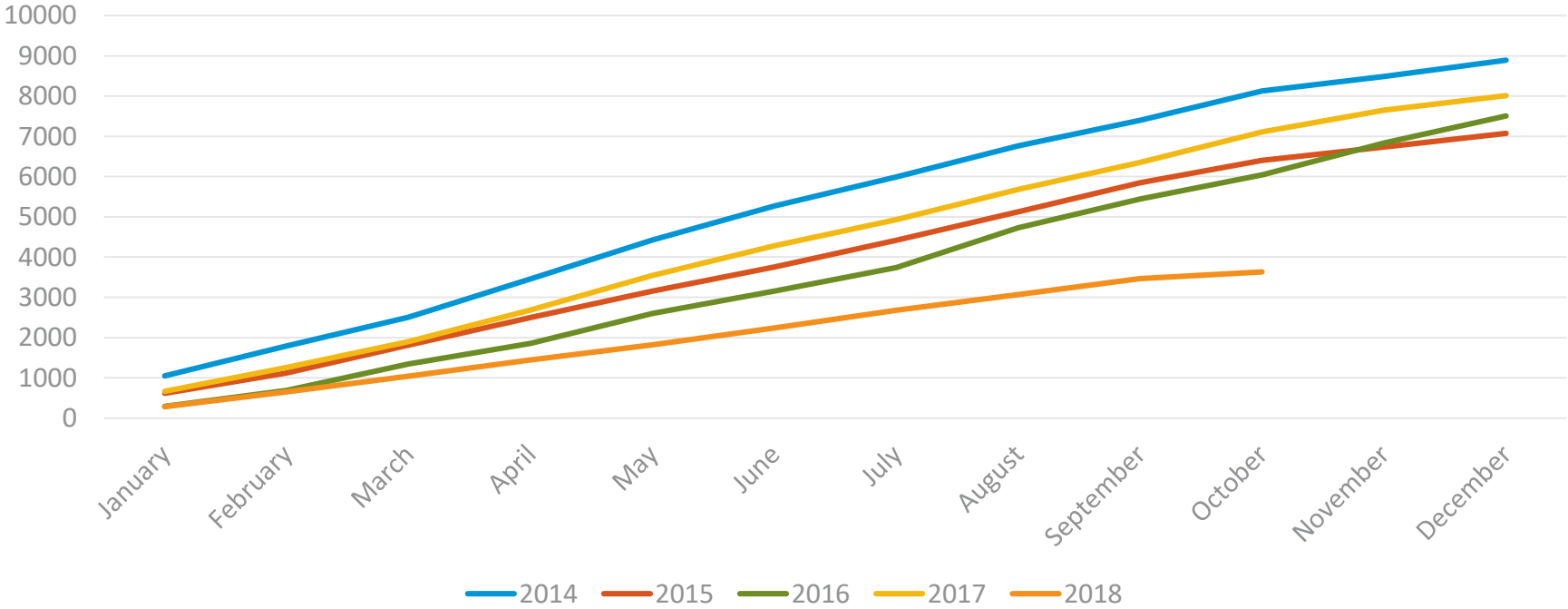
New Licenses Issued by Year



The number of new licenses being issued by Excise and Licenses has increased each year. Over the period from 2010 through 2017, new license issuances have increased, on average, by 10% each year.

Operations - Inspections

EXL Cumulative Inspections



Operations - Hearings

| Hearings | 2017 | 2018 YTD |
|-----------|------|----------|
| Liquor | 147 | 109 |
| Marijuana | 21 | 13 |

Liquor hearings include Needs and Desires hearings for new applications, modifications, transfer of locations, etc.

Marijuana hearings include Needs and Desires hearings for new applications and transfer of location applications.

Security Guard Update

SECURITY GUARDS & PRIVATE SECURITY EMPLOYERS

CHANGES ARE COMING SOON!

Starting November 1, 2018, licensing requirements for individuals and companies providing security services will change.

Major changes include:



Excise and Licenses will no longer renew licenses for Merchant Guards and Merchant Guard Companies.

In-House Security Companies will no longer be exempt from licensing.



Individuals who wish to provide security services must apply for a **new** Security Guard license.

Companies that wish to employ security guards must apply for a **new** Private Security Employer license at denvergov.org/securityservices.

BACKGROUND

In November of 2017, Denver City Council passed Council Bill 17-1177 that changed the licensing requirements for individuals and companies that provide security services. Changes are largely centered on requiring basic standards for training, defining duties that require licensure, background check procedures, insurance and notification requirements.



Apply online starting November 1, 2018!

Changes start Nov. 1



2017 Security Guard Ordinance Revisions

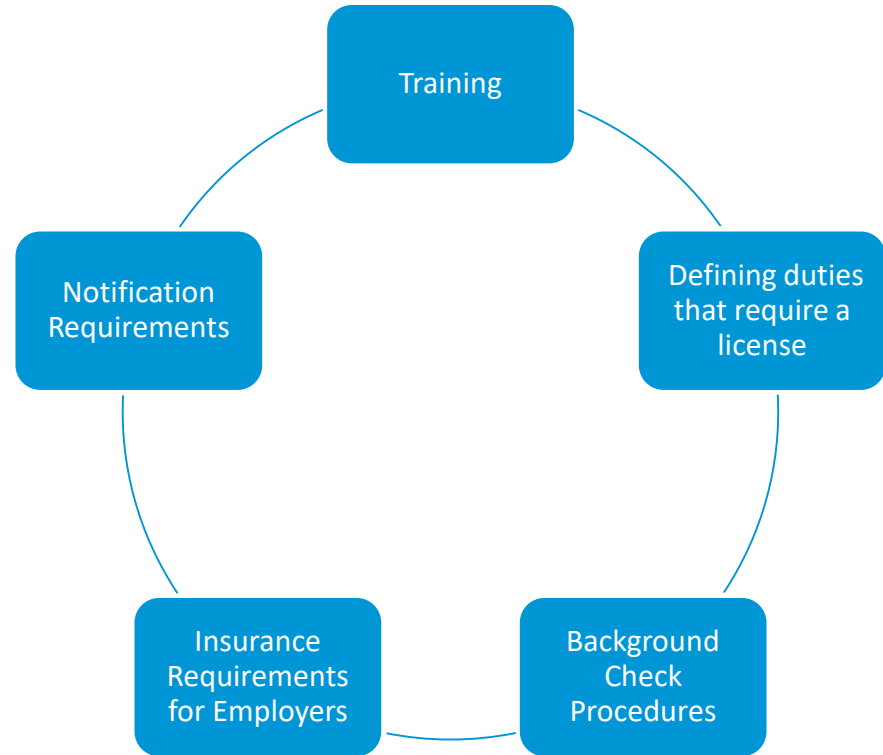
Focus on:

Modernization

Clarification

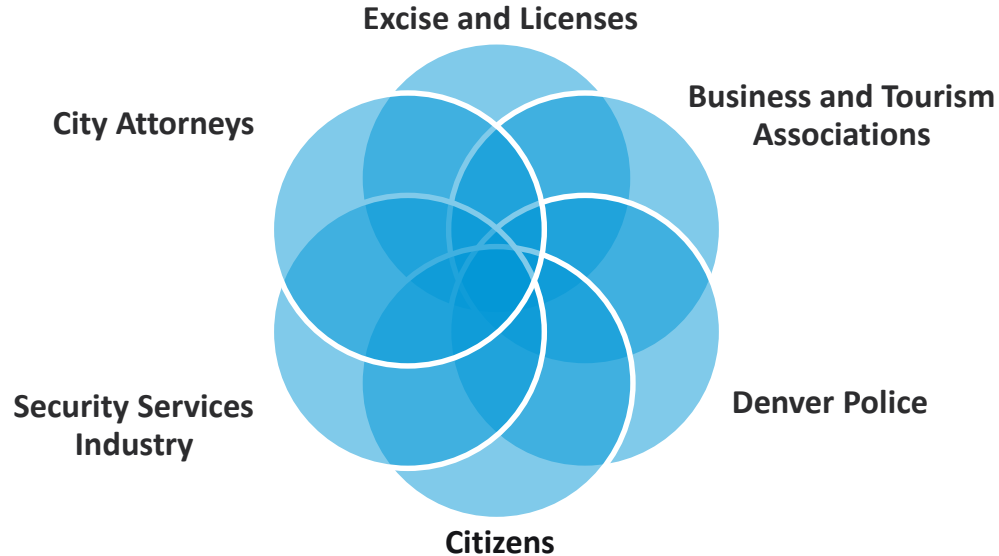
Stronger public safety measures

Adhering to national best practices



2018 Security Guard Rulemaking

Rules flesh out implementation details



Rules signed in August 2018 after multiple stakeholder meetings and public comments

What Happens on Nov 1st?

Merchant Guards
Merchant Guard Companies
Can't Renew

Must apply for new license upon expiration
Security Guard or
Private Security Employer



Key Security Guard Changes to Keep in Mind

Training required for new license (16 hours) and annually on renewal (8 hours)

Clear causes for denials-No more character references or denials for “moral turpitude”

No more limit on number of employers

Fees reduced to \$25, application fee can be waived for veterans

FBI Background check for new licenses, CBI background check for renewals

Department authority to review all uniforms and vehicles

Clear requirements for Department notification of

- ✓ employee termination or change of employer
- ✓ any use of force resulting in bodily harm
- ✓ any conviction within 72 hours

Key Private Security Employer Changes to Keep in Mind

In-house status no longer exists-all employers of security guards must be licensed

No location based requirements - zone use permits, inspections, lease, etc

No more surety bonds

Clear requirements for Department notification of

- ✓ any employee termination within 72 hours
- ✓ any change in insurance

How can applications be submitted?

Online

Computers and scanners will be made available at Denver Excise and Licenses for those who need assistance with the online application



Training opportunities:

- September-Demos held with SG's and PSE's to provide input on new record
- October 5th- Informational Session on new requirements
- October 29th-Live Demo of new online application

Short Term Rental Update

Private Sector Associates of
The U.S. Conference of Mayors

United States Conference of Mayors
Business Council 2017 Best Practices Report:

Mayors and Businesses
Driving Economic Growth

2017

United States Conference of Mayors Business Council 2017 Best Practices Report: Mayors and Businesses Driving Economic Growth

Denver Boosts Short Term Rental Registration Compliance Rate with Accela

Challenge: Cities across the U.S. are looking to manage the explosive growth in popularity of Short Term Rentals. While many cities have implemented ordinances requiring some form of registration, whether by license or permit, many cities are struggling with low compliance rates. Without an effective way to bring Short Term Rental hosts into the regulatory framework, cities are struggling to ensure the safety of rentals, control nuisance complaints from concerned neighbors, or collect transient occupancy taxes.

In 2016, Denver, Colorado enacted a Short Term Rental ordinance. Denver leaders, seeking to reach high compliance, began working on solutions to onboard Short Term Rental operators into their regulatory system as easily as possible.

Description: Denver worked with Accela to launch a purpose-built registration portal for their Short Term Rental licenses. The portal facilitates an entirely online regulatory process for Short Term Rentals, the first of its kind in the U.S.

Acting in accordance with Mayor Michael Hancock's vision to "meet citizens where they are" Denver and Accela set out to make Denver's Short Term Rental licensing process as customer friendly as possible. For a regulatory process that focused on citizens known to be digitally savvy, this meant giving them a process that could be done entirely online. "We're trying to leverage 21st-century technology to meet operators where they are," said Nathan Batchelder, Legislative Analyst for the City and County of Denver.

The new web portal, which features a modern user interface designed to appeal to these "digital natives," integrates seamlessly with Denver's back office Accela Licensing and Case Management system – used across their organization to efficiently manage Denver's regulatory processes.

Along with these technology enhancements, Denver launched a proactive PR campaign called "Stay Legit Denver" encouraging its short term rental hosts to get licensed.

Impact: Denver went live with online STR licensing in July 2016 and gave hosts a deadline of January 1, 2017 to register before they would be in violation of the City's ordinance and subject to fines. As of March 1, 2017 Denver had achieved an estimated 50% compliance rate. Batchelder noted that he was "unaware of any other large city in the nation that has anywhere near the same level of compliance."

How To

- When designing a short term rental ordinance, include consideration of the process and technology that will enable compliance.
- Meet citizens where they are "with modern online and mobile regulatory processes that reduce barriers to customer service."
- Consider a proactive PR campaign to promote compliance to citizens involved in emerging business models – they may not be aware that they are required to register.



Denver/Accela Short Term Rental License Portal

For more information, contact:

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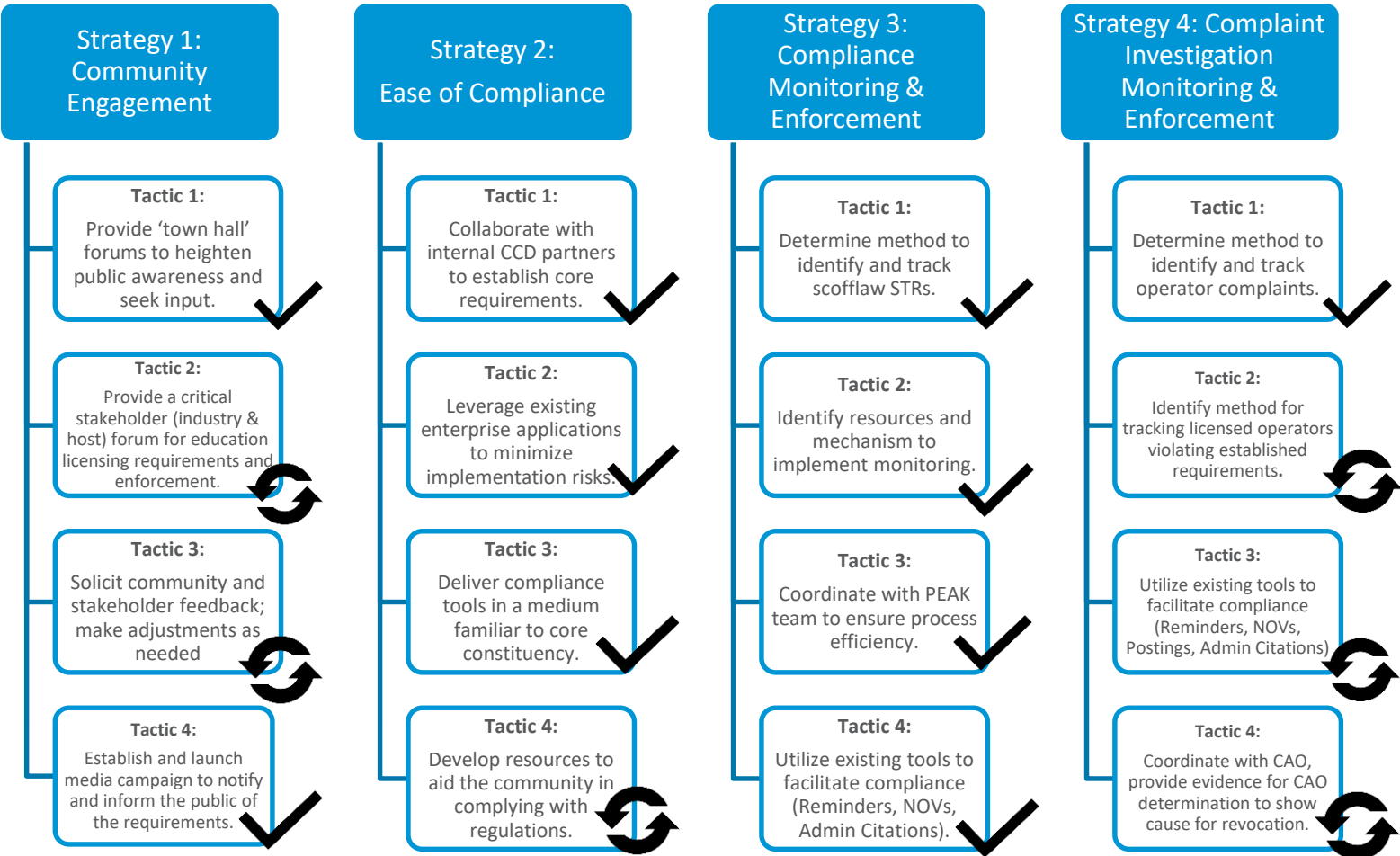
Nathan Batchelder
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Tags: Service Delivery Improvement, Innovation, Impact on City Economy, Regulatory Compliance

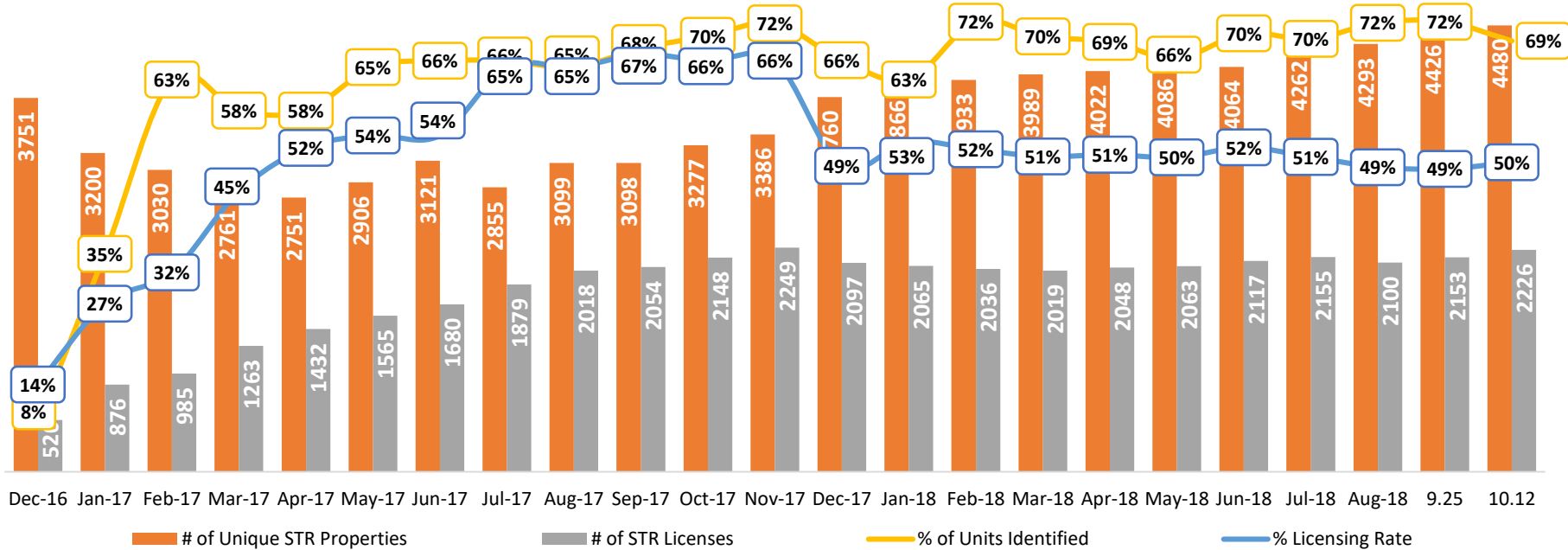
General STR License Requirements

- a) STR unit must be licensee's primary residence (place of normal return)
- b) Licensee must have permission from the landlord or property owner to operate STR (if they are not the owner of the property)
- c) STR unit must be located in a zone district that allows residential use
- d) Licensee must possess a valid Denver Lodger's Tax, and any other applicable tax account numbers, including Occupational Privilege Tax (OPT).

Short Term Rental Strategic Enforcement Plan



STR Compliance/Trends



| | Oct-17 | Sept-18 | 10.12.18 | MoM | YoY |
|----------------------------|--------|---------|----------|-----|------|
| # of Unique STR Properties | 3,277 | 4,426 | 4,480 | 1% | 37% |
| # of STR Licenses | 2,148 | 2,153 | 2,226 | 3% | 4% |
| % of Units Identified | 70% | 72% | 69% | -4% | -1% |
| % Licensing Rate | 66% | 49% | 50% | 2% | -25% |

Lodger's Tax Update (as of 9/27/18)

| Lodger's Tax Accounts | STR Business Licenses | STR Listings |
|-----------------------|-----------------------|--------------|
| 2,826 | 2,226 | 4,480 |

| | 2017 Total | 2017 Jan.-Aug. | 2018 Jan.-Aug |
|------------------------|------------|----------------|---------------|
| Lodger's Tax collected | \$3.5M | \$1.1M | \$4.6M |

- This amount does not include OPT or license fees

STR Complaints

| Volume | Outcome |
|-------------------|--|
| 1173 since 1/1/18 | <ul style="list-style-type: none"> • 167 non-primary residence complaints • 68 general complaints • 7 safety of premises complaints |

STR Enforcement

| Enforcement Tool | Violation | Volume | Outcome | Success Rate |
|--------------------------|---|----------------------------|---|--------------|
| Notice of Violation | Advertising without a license | 686 since 5/17/18 | <ul style="list-style-type: none"> • 199 still in “cure date” • 307 into compliance | 63% |
| Administrative Citations | Continuing to advertise without a license | 146 since 6/9/18 (Level 1) | <ul style="list-style-type: none"> • 23 paid • 38 into compliance • 13 dismissed | 90% |
| Investigation Reports | Complaint based | 63 since 5/17/18 | <ul style="list-style-type: none"> • 47 provided necessary primary residence documents • 6 being filed for “Show Cause” | |

STR Enforcement Action Plan

| Issue | Solution | Action Items | Status |
|------------------|---|--|--------------------|
| Unlicensed Hosts | Education/Outreach to hosts | Update FAQ's on Airbnb website | In progress |
| | | Emails to hosts-template from Airbnb | In progress-Airbnb |
| | | Workshops hosted by Airbnb | In progress-Airbnb |
| | Hold platforms accountable for unlicensed hosts | Work closely with host platforms to ensure transactions are processed without a license number | In progress |
| | Identify tax licensees w/o business licenses | Continuous data comparison of lodger's tax and business license data | In progress |
| | Open data for all STR licenses | Online access to identify locations that are licensed (for neighbors and guests) | In progress |

STR Enforcement Action Plan, Continued

| Issue | Solution | Action Items | Status |
|------------------------------|---|--|-------------|
| Primary Residence Compliance | Require documents to be uploaded on application and renewal | Drivers license (match NAME of licensee) and 1 other document Owner approval Copy of lease | Complete |
| | Research other cities and emerging best practices | Boston, Nashville, New Orleans, San Diego, San Francisco, etc. | Ongoing |
| Issue | Solution | Action Items | Status |
| Bad Operators | Promulgate a rule to protect the health, safety, and welfare of the community | Draft rules for standards for revocation of a license or holding a renewal hearing | In progress |
| | Refer complaints to appropriate agency | When complaints about noise, trash, etc. are received, they will be referred to appropriate agency for enforcement | Complete |
| | Create a complaint portal | Create an easily accessible method for neighbors, guests, etc. to file a complaint about a problematic location | In progress |



Questions?