

City Talk for July 28, 2023
City Manager's Office
Teresah Arthur, short term rental specialist

An STR permitting update

As you may know, while the city doesn't have the authority to meaningfully regulate short-term rentals (STRs), the state does allow cities and towns the ability to enact a permitting system. This helps the city begin to understand what types of STRs are in city limits and where they are located, establish an emergency contact and gives us the ability to communicate with STR owners on general information.

Kicked off in the beginning of 2023, I have been busy launching this process, communicating with all STR owners and issuing a total of 1042 annual permits to property owners so far. Of those permits, 950 are advertising and renting; 92 are not currently active but may be in the future. Because our data indicates there are 1089 total STRs in city limits, it brings our permit compliance rate to 95%.

Throughout 2022, the number of STR properties grew an average of 1-2% per month, reaching 16% of our residential housing stock by the end of December. Ownership turnover of properties has been a strong contributor to STR growth, but with the launch of the permit program, the number of owners electing to stop short-term renting while retaining their ownership has matched the number of new owners who want to begin renting. Short-term rental growth for the first half of 2023 has been flat: Sedona still has 16% of all residential properties as short-term rentals.

Arizona's definition for short-term rentals concerns properties renting for less than 30 days. Properties renting 30 days or more classify as long-term rentals and are excluded from the requirement. Any property that is advertised and/or short-term rented within city limits must have a permit, even if renting for one day per year. Sedona employs GovOS to perform weekly website monitoring to collect all Sedona STR listings and identify the rental status of each listing. This provides the city with a detailed picture of STR activity so that noncompliant properties can be notified of the permit requirement.

Twenty-six Notice of Violation letters were mailed to non-compliant properties in early April. Within a month, two thirds of those properties came into compliance by either obtaining permits or stopping all short-term rental activity. Our code enforcement team will follow up with citations for the remaining properties which could include fines. There are 41 additional properties identified to receive Notice of Violation letters in June.

Speaking of stopping short-term rental activity, we invite you to look into the city's Rent Local program. It offers property owners money for converting their STR into a long-term rental with a one year lease requirement. For more information, visit www.sedonaaz.gov/housing.

The new STR program has additional operating requirements including Neighbor Notification. All owners must provide written notice to the residential properties on either side, directly in front of, and to the right and left of the property directly across the street. The notice must include the permit number, STR address and contact information for the owner and emergency contact. This notice should be provided following permit confirmation.

There has been significant feedback from residents who have not yet received this notification from their STR neighbors. The next short-term rental compliance target will be missed Neighbor Notifications. Residents who have not received their neighbor's notifications are strongly encouraged to submit a

complaint to the 24/7 Short-Term Rental Issue Hotline at (928) 203-5110 or by filling out the form at www.sedonaaz.gov/str. The list of properties identified for citation will be taken directly from complaints received by the hotline.

And as a reminder: in addition to missed Neighbor Notifications, keep submitting any other STR complaints to the STR Hotline because it helps us track what issues are happening where and expedites response time from our code enforcement team.

The Short-Term Rental Permit Program launch has been very successful. This includes the efforts of property owners, property managers and realtors who put their focus towards permit compliance. Sedona residents continue to be an important part of the equation, providing valuable feedback on the impacts of short-term rentals in the city.