



**company's
coming**

**taxation, zoning, and
licensing for short term
residential rentals**

intro



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agenda

- The Challenge
- Where We Were
- Experiences Elsewhere
- Philly's Philosophy
- What We Did
- Where We are At
- Questions and Discussion



WORLD
MEETING OF
FAMILIES

2015 Philadelphia

the
challenge

2016

DEMOCRATIC
NATIONAL
CONVENTION

PHILADELPHIA

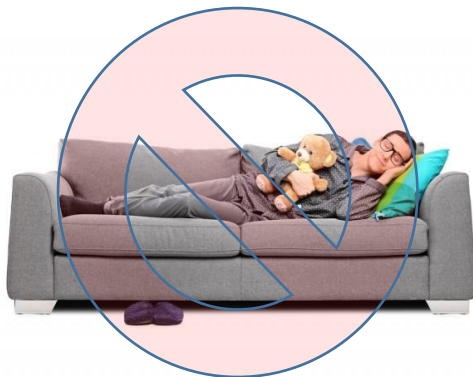
JULY 25-28

the challenge

- meeting the needs of the emergent economy using traditional tools
- preserving neighborhood quality of life
- providing a path to compliance
- leveling the playing field

where
we
were

traditionally, short term rental was illegal unless accommodation was zoned as a hotel, motel, or bed and breakfast.



where
we
were

folks already providing their houses for short term rental; with estimated 2 million visitors to WMoF, the need would only grow



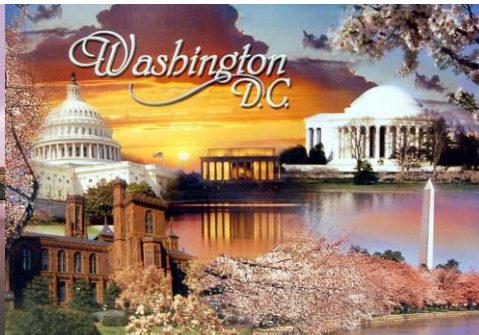
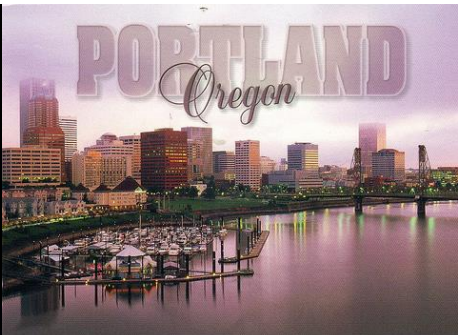
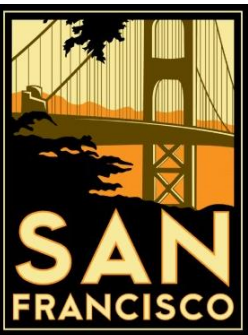
**where
we
were**

Activity was taxable but illegal under zoning.

Administration, enforcement, and compliance of the tax and zoning codes were intended for traditional hotel transactions, with formal accounting departments, lawyers and other professional support.

experience elsewhere

lessons from other cities:
San Francisco, CA; Portland, OR;
Washington D.C.; Chicago, IL;
San Jose, CA



experience elsewhere

know & prioritize the specific concerns in your community:

neighborhood quality, parking, tourist experience, affordable housing, parity with traditional hotels, public safety, revenue generation, tax compliance, discrimination, business friendliness....

experience elsewhere

“Understand that you may already be receiving some of these taxes now, but once AirBnB begins collecting, you will have a harder time tracking who is paying and who is not.”
-Washington D.C.

“all code/ordinance should be completed with the goal of leveling the [hotel tax] playing field [...] so that short term rental market operators are willing to comply.”
-Portland, OR

“waiting for comprehensive solution from the entire city government takes too long.”
-San Francisco, CA

experience
elsewhere

CITY	TAX TITLE	TAX RATE	Max # of Stay (Days)	Tax permits	Non-tax permit	Owner Occupant available?	Fines for non compliance
San Fran	Transient Occupancy of Hotel Rooms	14%	<29	SF Business license, Certificate of Authority (collection purposes), \$500k liability insurance coverage	Short Term Renters Permit, Register with City Planning Registry	ONLY O & O units. PRs must reside there 275 days out of the year.	Tenants renting rooms may not charge more than their rent. If they do, \$1000 fine per day.
Portland	Transient Lodging Tax	11.5%	<30	Certificate of Authority	Accessory Short Term Rental License (ASTR)	ONLY O & O units. PRs must reside there 276 days out of the year.	AirBnB faces fines for listing hosts who do not have ASTR
D.C.	Hotel Tax for Transient Accommodation	14.5%	<90	Basic Business License	Certificate of Occupancy, Home Occupation Permit	Yes, with both Certificate of Occupancy and Home Occupation Permit	N/A
San Jose	Transient Occupancy	10%	<30	Business Tax Certificate		Yes, only up 180 nights a year.	N/A

philly's philosophy

- a system that people can comply with easily
- that matches the reality of activity already occurring
- that prevents and addresses problem properties without declaring the City unfriendly to innovation or the emergent economy



**a
balancing
act**

- the emerging economy and traditional industry
- neighborhood quality of life
- an easy path toward compliance

what to consider

- Occasional or Regular - # of nights per year
- Homeowners & Investors
- Restricted Geography or Everywhere
- Licenses – None? Existing? New?
- Public Safety Requirements
- Payment and/or reporting by Booking Agents

what we did

tax

-“booking agent”
added to Hotel Tax
Code

-“booking agents”
given option to
collect and remit
or to just report

-made it easier for
individuals to
create Hotel Tax
accounts and
remit payments to
the City

zoning

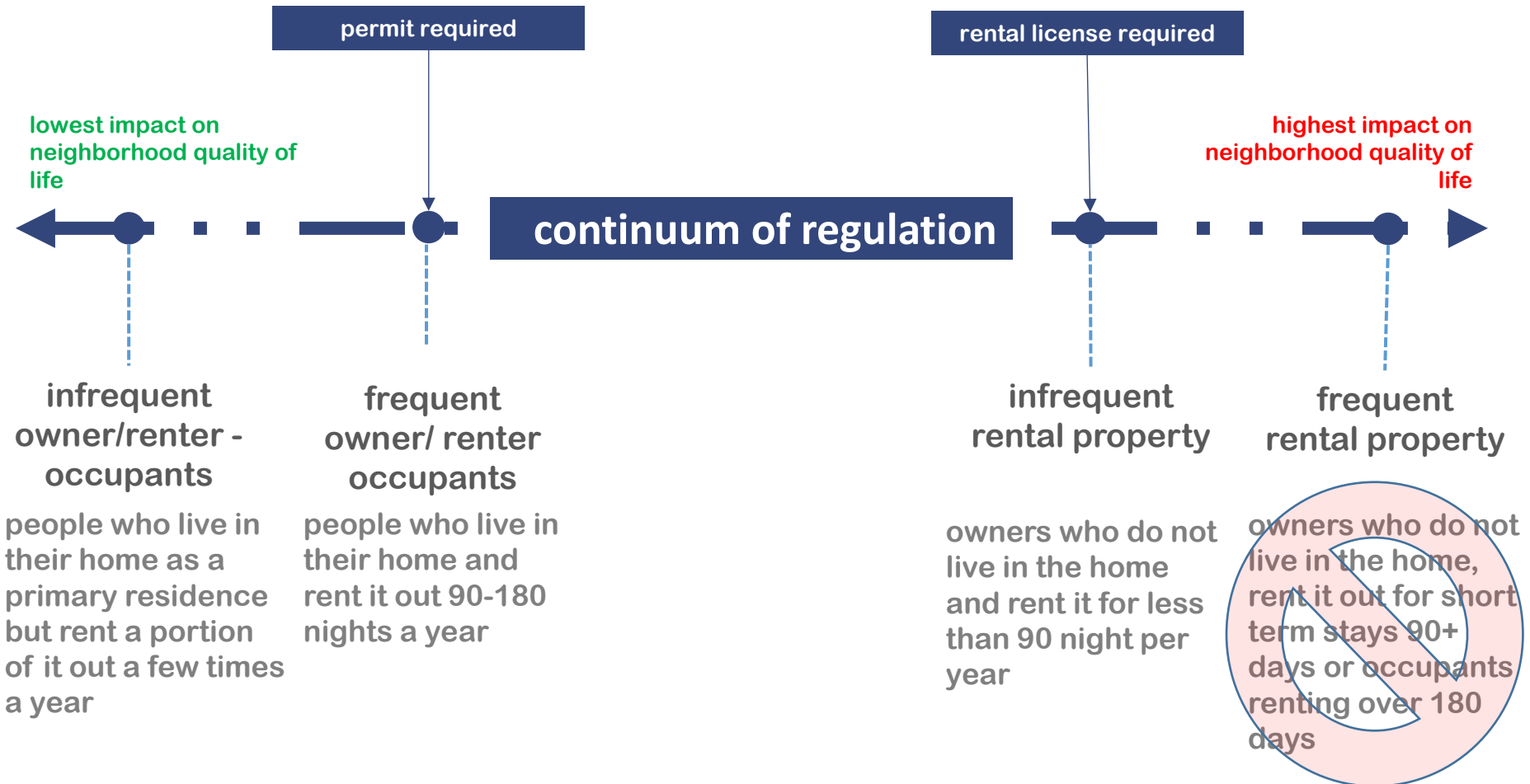
-created new
definition of “limited
lodging”

*the provision of visitor
accommodations in a
building or dwelling unit the
primary use of which is for
household living where the
total visitor accommodations
provided is for fewer
than thirty-one (31) days a
year.*

-balanced new
uses with livability
of surrounding
neighborhood

permitting

-if renting for
90+ nights per
year, permit
required and
certain
requirements to
maintain public
safety and
neighborhood
quality.



what we did

standards for limited lodging

- (.1) The dwelling unit shall remain as a household living unit with housekeeping facilities in common, but not to allow for occupancy by more than three persons (including the owner and lodgers) who are unrelated by blood, marriage, adoption, or foster-child status, or are not Life Partners.
- (.2) Limited lodging must be accessory and secondary to the use of a dwelling unit for residential household living purposes.
- (.3) Limited lodging may not result in changes to the residential character of the residential building in which it is located. No separate building entrance that is visible from the street may be provided for the sole use of the limited lodging.
- (.4) The limited lodging may not adversely affect the residential character of the neighborhood. Limited lodging may not, for example, generate noise, vibration, glare, odors, or other effects that unreasonably interfere with any person's enjoyment of his or her residence.
- (.5) Accessory signs are prohibited.

what
we
did

standards for limited lodging

(.6) Guests of lodgers shall be allowed only between the hours of 8:00 a.m. and 12:00 a.m.

(.7) Smoke alarms and carbon monoxide alarms shall be installed throughout the dwelling unit per the Philadelphia Fire Code.

(.8) Lodgers shall be notified of the trash and recycle collection days for the property and any applicable rules and regulations pertaining to leaving or storing trash on the exterior of the property. Proper containers shall be provided for the lodgers.

(.9) Lodgers shall be notified that excessive noise is prohibited per [Chapter 10-400 362](#) of The Philadelphia Code and such violators shall be subject to fines and penalties.

what
we
did

standards for limited lodging

(.10) The primary resident conducting the limited lodging shall maintain records for a minimum of one (1) year demonstrating primary residency (either entitlement to a Homestead Exemption or, for a renter, residence for more than half the year); the dates of limited lodging and the number of lodgers. Such records shall be made available upon request of any officer of the City responsible for enforcement of any provision of The Philadelphia Code pertaining to the use and occupancy of the dwelling for limited lodging purposes.

(.11) The owner or his/her designee shall provide contact information to the limited lodgers for the purpose of responding to complaints regarding the condition, operation or conduct of the occupants of the dwelling and have the responsibility to take action to resolve such complaints.

(.12) All limited lodging is subject to the Fair Practices Ordinance, [Chapter 9-1100](#).

**where
we're
at**

**Hotel Tax collections increased 5% year-over-year in FY2015 and FY2016;
Revenue from short term rentals account for at least 23% of this growth in FY2015 and 48% in FY2016**

next steps

enforcement

School Income
Tax and/or
Business
Income and
Receipts Tax
auditing

Permit/
Zoning
Compliance

awareness

Ongoing
outreach to
short term
rental
operators &
booking
agents on tax,
zoning, and
permitting
requirements



**questions
and
discussion**