



BUILDER REALTY COUNCIL OF METROPOLITAN DENVER GENERAL BOARD MEETING MINUTES

Date of Meeting:	July, 21, 2020
Location:	Zoom Virtual Meeting
Report submitted by:	Susan Sechrist, Treasurer & Acting Secretary
Attendance:	21 People Registered; 17 People Attended Meeting

The meeting commenced at 9:05 a.m.

Guest speakers are Sabrina Calnan with Select Property Services and Lisa Kerin-Welch with Equity Insurance Group

This Zoom meeting was not recorded at the request of the speakers.

Highlights of the Presentation

- Select Property Services is a full service and leasing property management for long-term traditional rentals
- Sabrina rents out a carriage house on her own property and is an Airbnb Super Host
- The company is an Airbnb partner to help maximize revenue by helping to market, help with bookings, and the communication process
- Select Property Services does not work with buyers or sellers
- Lisa is an Agent/Business Growth Director for Equity Insurance Group and support Realtors and their clients with homeowners, business, and auto insurance
- Airbnb has been a hot topic with clients
- Advised the City of Denver on insurance requirements for Airbnbs
- Equity Insurance Group is a national broker, has a retention team, has reasonable deductibles, and covers sewer lines

Airbnb Numbers Reported for 2018

Denver – 477,100 guest arrivals and \$74.6M host income
Summit – 275,300 guest arrivals and \$57.0M host income
El Paso – 146,800 guest arrivals and \$17.6M host income
Boulder – 115,100 guest arrivals and \$22.9M host income
Larimer – 93,000 guest arrivals and \$13.6M host income
Jefferson – 89,500 guest arrivals and \$12.3M host income

Grand – 78,600 guest arrivals and \$11.6M host income
Eagle – 60,600 guest arrivals and \$19.0M host income

Routt – 54,600 guest arrivals and \$10.0M host income
Adams – 52,800 guest arrivals and \$5.7M host income

The Effects of Coronavirus

- Bookings are down worldwide 50% as of mid-March
- Shift to local bookings
- Hosts shift to longer stays and work-from-home office spaces
- Different amenities become important: Cleaning, parking no-contact entry
- 100% refunds to guests
- Airbnb is paying some hosts 25% of expected revenue

Short-Term Rentals Now

- 20% fewer licenses and renewals in Denver
- Bookings back up to normal levels
- Airbnb has released extensive cleaning protocol

Increasing Regulations and Restricted Quantities

- Primary residence is most popular: Denver, Boulder, Aurora, Colorado Springs
- Longmont: Must be a resident and no more than two on one block
- Fort Collins: Restrictions are based on zoning; primary zoning restriction; zoning-dependent
- Colorado Springs: Already grandfathered; approved Airbnbs

Insurance Requirements – As of April 10, 2019 (Denver)

- Confirm with your homeowners insurance carrier that your home will be used as a short-term rental
- Liability insurance no less than \$1M or coverage under a rental platform; Airbnb Host Protection fulfills this requirement

Airbnb's Coverage is Complicated

- Host Guarantee: Company guarantee for damage to a host's property
- Host Protection Policy: \$1M Liability Insurance
- Airbnb's own policies are ever-changing; most recent update was March 27, 2019
- Discrepancy between claims paid and number of properties listed
- Airbnb's customer service representatives are not knowledgeable on Airbnb's own liability policy

New Primary Residence Definition

The following factors may be considered in determining primary residence for purposes of the short-term rental license:

- Whether the applicant claims any other resident for domestic, legal, billing, voting, and/or licensing purposes;
- Whether and how often the applicant returns to the short-term rental or other places of habitation;
- Whether the address listed on an applicant’s legal documents or tax assessment records is different than the address of the short-term rental;
- An applicant’s business pursuits, employment, income sources, residence for income or other tax purposes, leaseholds, situs of personal and real property, and motor vehicle registration;
- The number of days that a short-term rental has been, or will be, rented within a calendar year;
- Whether the applicant is actively deployed in the United States military; or
- Any other information relevant to determining primary residence

Enforcement and Impact

- Case Study: Real estate agents Class 4 Felony charges – beware the affidavit!
- Penalties range from a warning to one year in jail
- 25% reduction in Airbnbs
- One short-term rental license per household per deed – only one primary residence
- Seller must surrender short-term rental license

Accessory Dwelling Units

- The City of Denver allows short-term rentals on accessory dwelling units; the ADU must be permitted
- Permitting is dependent upon Zone Lot District, Lot Size, and Lot Coverage
- In a single-unit zone district, the owner has to live on-site, either in the primary residence or in the ADU (Denver/Boulder)
- Must use a General Licensed Contractor (Denver)
- Planning/zoning trends towards allowing more ADUs

Short-Term Rentals Don’t Always Earn More

	<u>Airbnb</u>	<u>Long-Term</u>	
Yearly Revenue	\$50,000	\$26,400	Airbnb revenue includes fees charged to guests, compared to long-term estimated rent of \$2,200/mo.
Cleaning	\$10,000	--	Airbnb – 100 cleans x \$100
Utilities	\$ 2,500	--	
Yard/Snow	\$ 1,500	\$ 400	
Management	<u>\$12,500</u>	<u>\$ 2,640</u>	Airbnb management fees of 25% - 45% vs. long-term Management fees of ~ 10%
Net Income	\$23,500	\$23,360	

The meeting adjourned at 10:15 a.m.

Respectfully submitted,

Susan A. Sechrist
Treasurer and Acting Secretary