

# **New Tools to Protect Our Community from Unruly Short-Term Rental Properties**

## **Background**

After more than two years of negotiations, lobbying and education efforts, Arizona Governor Doug Ducey signed Senate Bill 1168 on July 6, 2022. It gives cities and towns new tools to regulate and enforce short-term rental (STR) properties.

In 2016, Arizona passed SB1350, which prevented local governments from restricting or regulating short-term rentals like Airbnb, Vrbo, HomeAway and others.

Like many cities and towns across Arizona, Paradise Valley has seen firsthand the health and safety risks of unregulated short-term rentals. Our police department has responded to everything from noise complaints to drug overdoses and violent criminal behavior while the STR industry continued to reap huge profits.

## **New Law Gives Cities and Towns More Local Control**

This legislation is the most promising effort toward a return to local control since SB1350 was enacted.

The new law will help cities and towns address STRs that threaten the community's public health and safety, finding a balance between STRs and the rights of residents that live near them.

## **How We Got Here**

Last year, the Town of Paradise Valley took the most aggressive lead in the State to adopt local regulations aimed at:

- Protecting public health and safety regarding fire and building codes, health and sanitation, transportation or traffic control, waste management and pollution control
- Enforcing use and zoning ordinances including noise, protection of welfare, property maintenance and other nuisance issues
- Prohibiting STRs from housing sex offenders, or operating as a sober living home, selling illegal drugs or pornography or other adult-oriented businesses
- Requiring owners to provide emergency contact information to both the local government and the public

Immediately after Paradise Valley took the lead in addressing these general public safety issues, AirBnB worked with Gilbert Sen. Warren Petersen to request the AZ Attorney General investigate PV's aggressive ordinances. PV spent over \$50,000 providing a legal response to that investigation, and in the end, prevailed dramatically, opening the path for other cities and towns to follow suit.

To further protect all jurisdictions in the State, we worked together with citizens, elected and appointed officials throughout the State, and the AZ League of cities and town to add local authority and additional tools in the form of SB1168.

### **Specific Measures**

Most importantly, SB1168 gives local governments the authority to permit STRs and, in some circumstances, suspend those licenses for up to a year.

- Three verified violations within a 12-month period for incidents at a STR that cause a serious threat to public health and safety. This does not include parking on a public street unless the travel lane is blocked enough to create a serious threat to public safety, nor does it include leaving out trash cans, unless it becomes a public health issue.
- One verified violation that results in the owner or their designee receiving: a felony offense in the vicinity of a STR; a serious physical injury or wrongful death related to a STR; knowingly housing a sex offender, or hosting an adult-oriented business, sexual offenses or prostitution or operating a sober living home; hosting a special event that would otherwise require a permit under Town ordinance or State law.
- And, any attempted or completed felony act arising out of the use of a STR by anyone associated with it that results in actual or attempted serious physical injury will be grounds for immediate judicial relief for the suspension of the STR permit for up to 12 months.

In addition to the suspension of the license, an owner can face civil penalties up to \$3,500 or an amount equal to three nights' rent, whichever is greater.

Further, the new State Law

- Requires liability insurance be carried on the property
- Requires adjacent neighbors be given the owners' contact information in addition to what Paradise Valley already requires for the public.

### **Next Steps**

This new State Law became effective September 24, 2022. Local governments are now able to adopt new local ordinances establishing new administrative processes to issue, deny and suspend a local Short-Term Rental regulatory permit. From adoption of a local ordinance to enforcement will take another 60 days, and the permit fee and online forms may take a little longer.

The Town anticipates that when these new enforcement tools to permit and suspend an STR license become effective in mid-November, the Town will concurrently make all STR information available to the public and these new technological and enforcement tools will make a significant difference for owners who repeatedly bring bad actors into our

neighborhoods in an attempt to bring back some of quiet enjoyment STR eliminated in many of our neighborhoods.

As always, we are committed to finding balance for members of our community, STR owners and visitors to our Town.