



Cost-effective solutions to Colorado Springs's short-term rental monitoring and compliance problems

March, 2019

FIGURE 6¹

Agenda

- Introductions
- USA and Colorado Springs Specific Market Context
- The Host Compliance Solution
- Discussion and Next Steps

Introductions:



- Silicon Valley based technology company
- Only provider of short-term rental compliance monitoring technology for local governments
- Team of seasoned local government technology executives and data-scientists



Ulrik Binzer
Founder & CEO

- Former COO of 2 VC backed companies
- Prior military officer and graduate of Harvard Business School
- Launched Host Compliance when asked by local town council to study possible ways to address its short-term rental compliance issues



Paul Hetherington
Chief Commercial Officer

- Working with Local Government for over 20 years
- Love of technology and efficiency
- Focused on solutions with dramatic impact.
- Dad, Triathlete and graduate of British Columbia Institute of Technology



More than 150 leading cities and counties are looking to Host Compliance for guidance, data and solutions to their short-term rental challenges

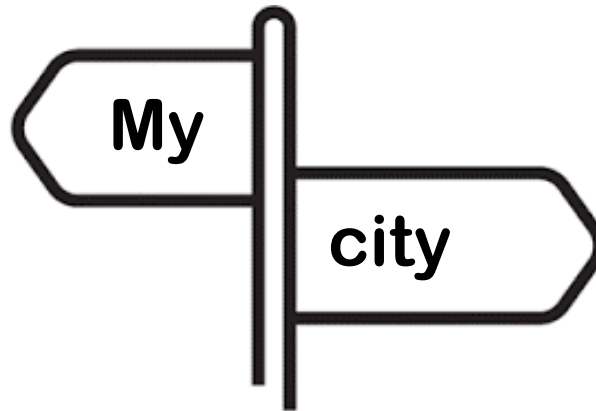


Check <https://hostcompliance.com/clients/> for updates

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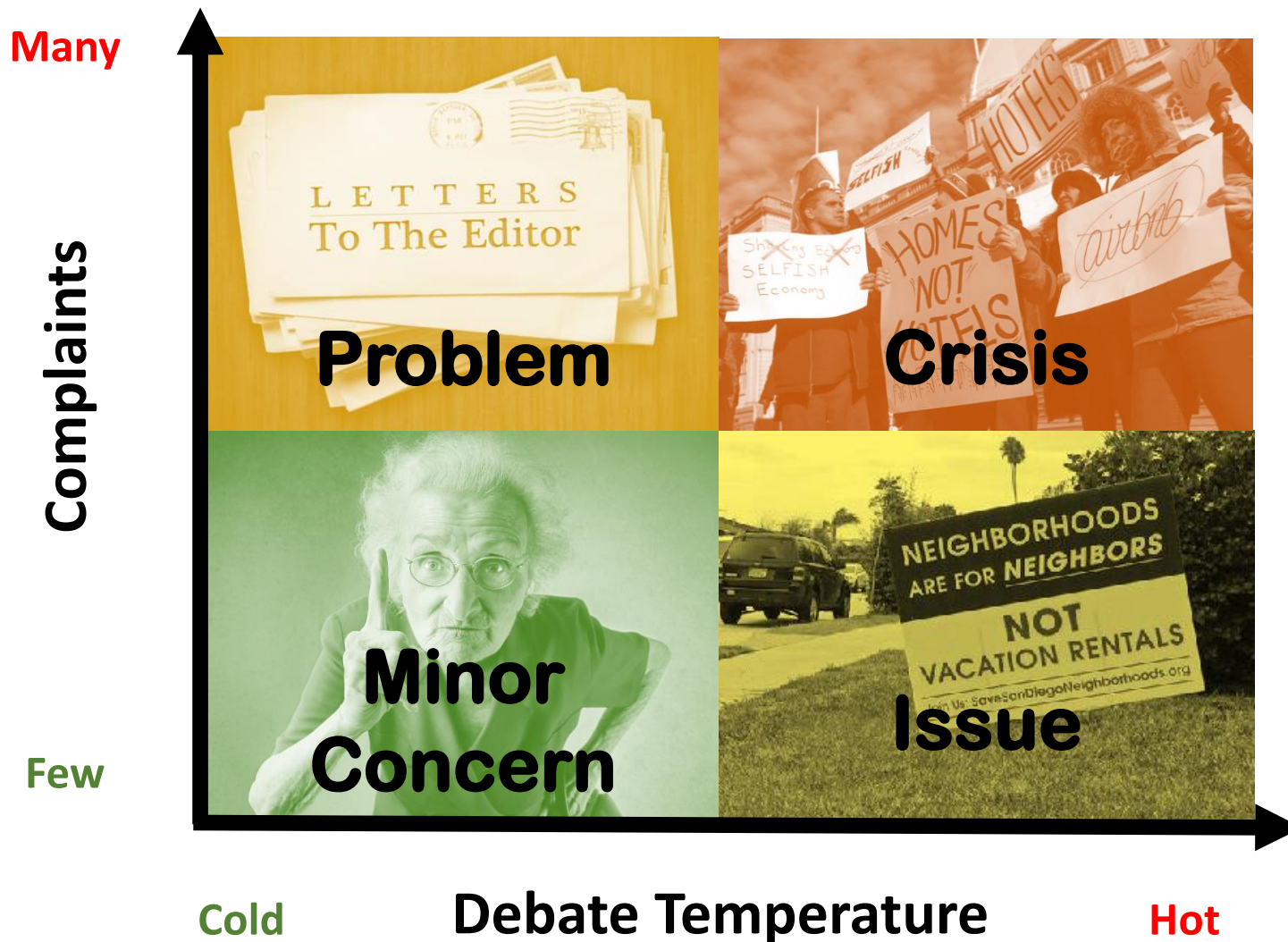
Tell us a bit about you, Colorado Springs, and where you are in terms of regulating short-term rentals?



What are Colorado Springs's most important goals as it relates to short-term rentals?

1. Reduce noise, parking, traffic and trash-problems
2. Eliminate party houses
3. Reduce STR's impact on neighborhood character
4. Ensure building safety
5. Improve city's responsiveness to neighbor complaints
6. Stem STR's negative impact on affordable housing availability
7. Improve permit and tax compliance to increase tax revenue
8. Ensure a level playing field between law abiding traditional lodging providers and illegal short-term rentals
9. Reduce tension between short-term rental property owners and their neighbors
10. Send a clear message to citizens that the city takes the STR problems seriously
11. Other?

How big of a problem are short-term rentals in Colorado Springs?

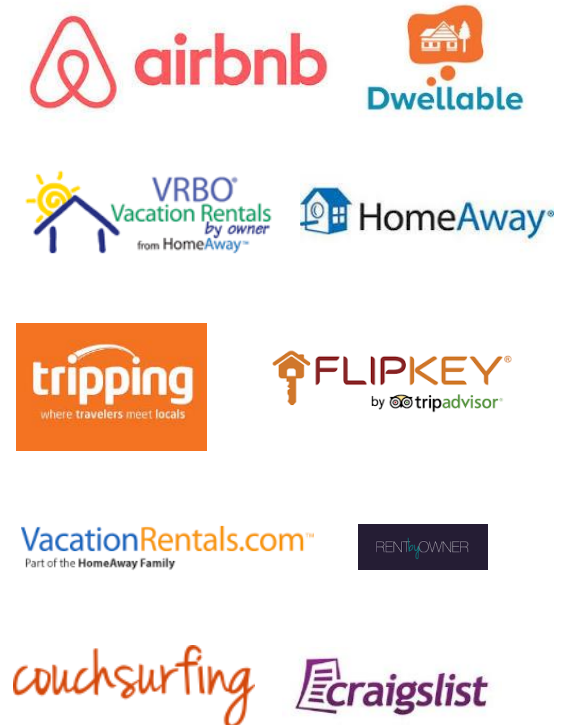
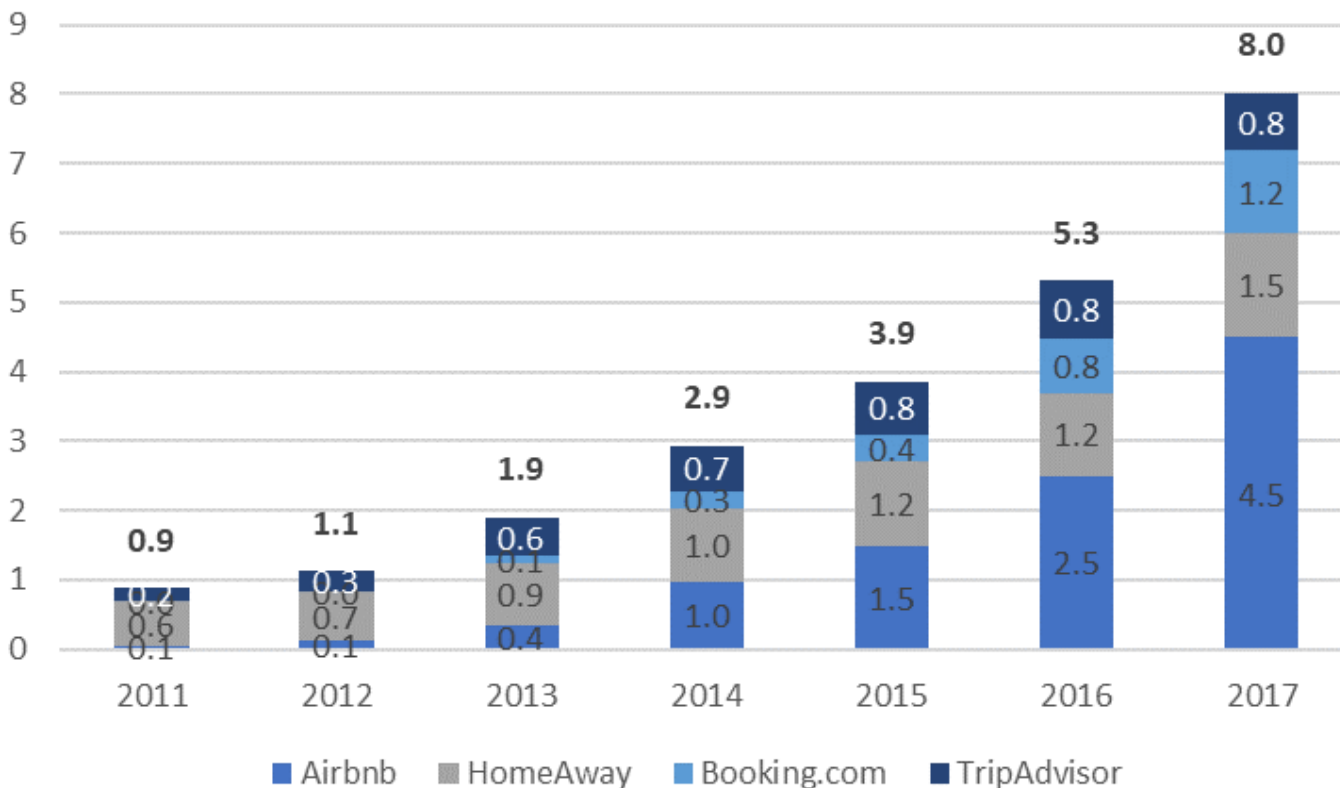


Market Context: AirBnb, VRBO and 100's of other vacation rental websites have turned vacation rentals into a booming (underground) economy...

The short-term rental market has grown 800% since 2011

Market is fragmenting

Millions of STR listings



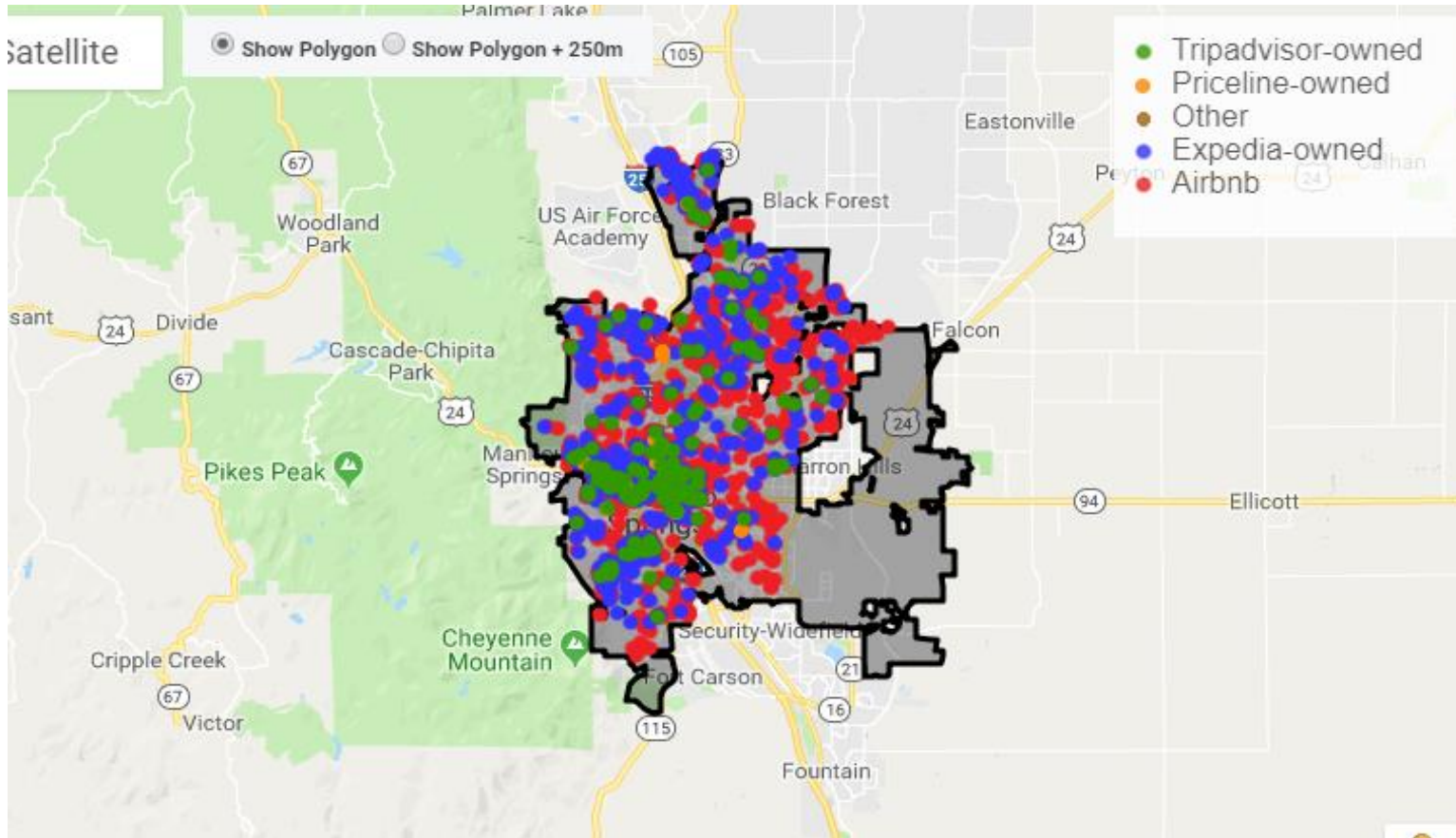
100+ other web platforms

Sources: AirBnB, Expedia, TripAdvisor and Booking.com



...and in Colorado Springs we have identified 2,431 listings, representing 1,691 unique rental units*

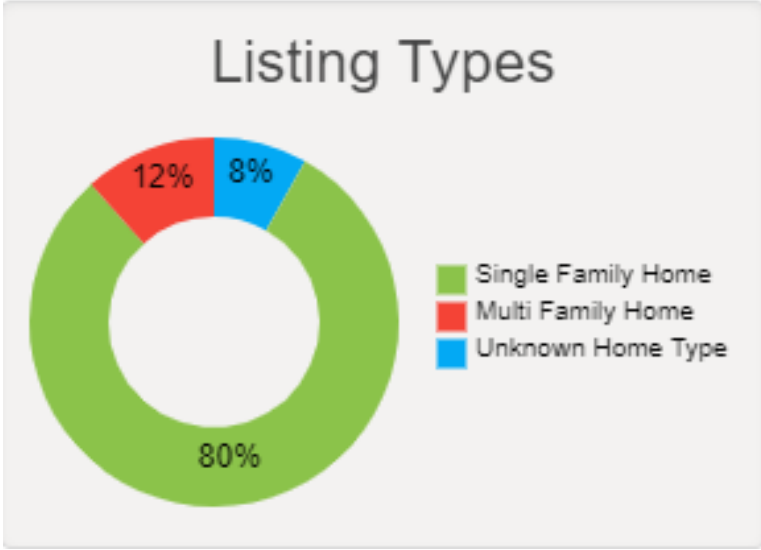
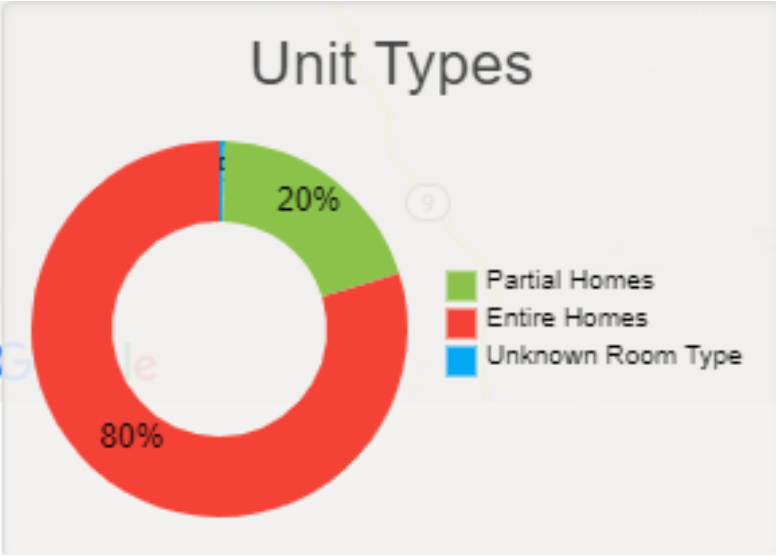
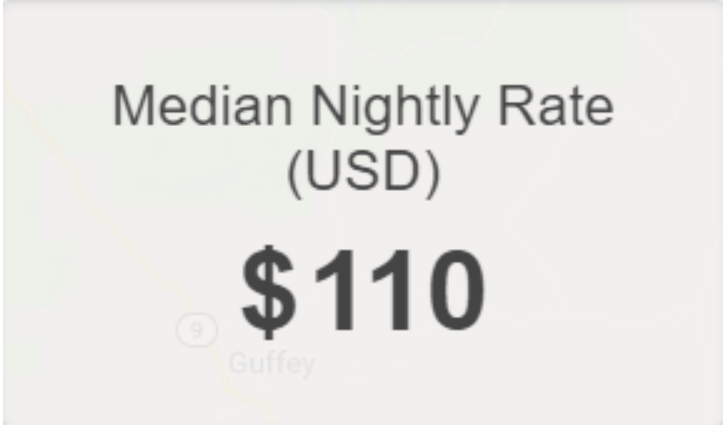
Short-term rentals in Colorado Springs as of March, 2019



Sources: Host Compliance proprietary data

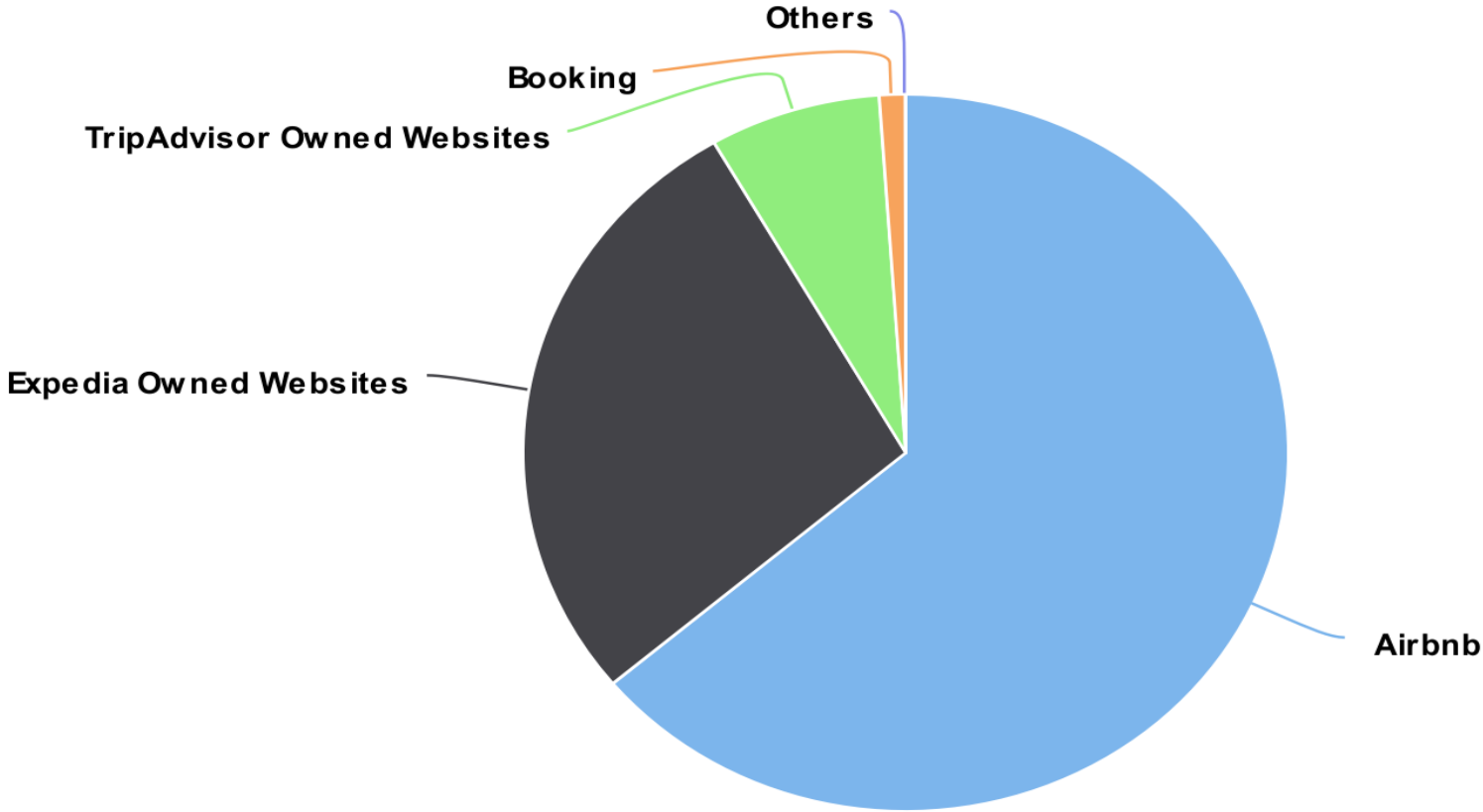
* Host Compliance's pricing is based on the count of listings and rental units that would need be to analyzed and monitored for compliance. In terms of listings, this number is 2,502 as we will expand our search area by several hundred yards beyond the borders of Colorado Springs to capture all relevant listings.

Colorado Springs Data Details



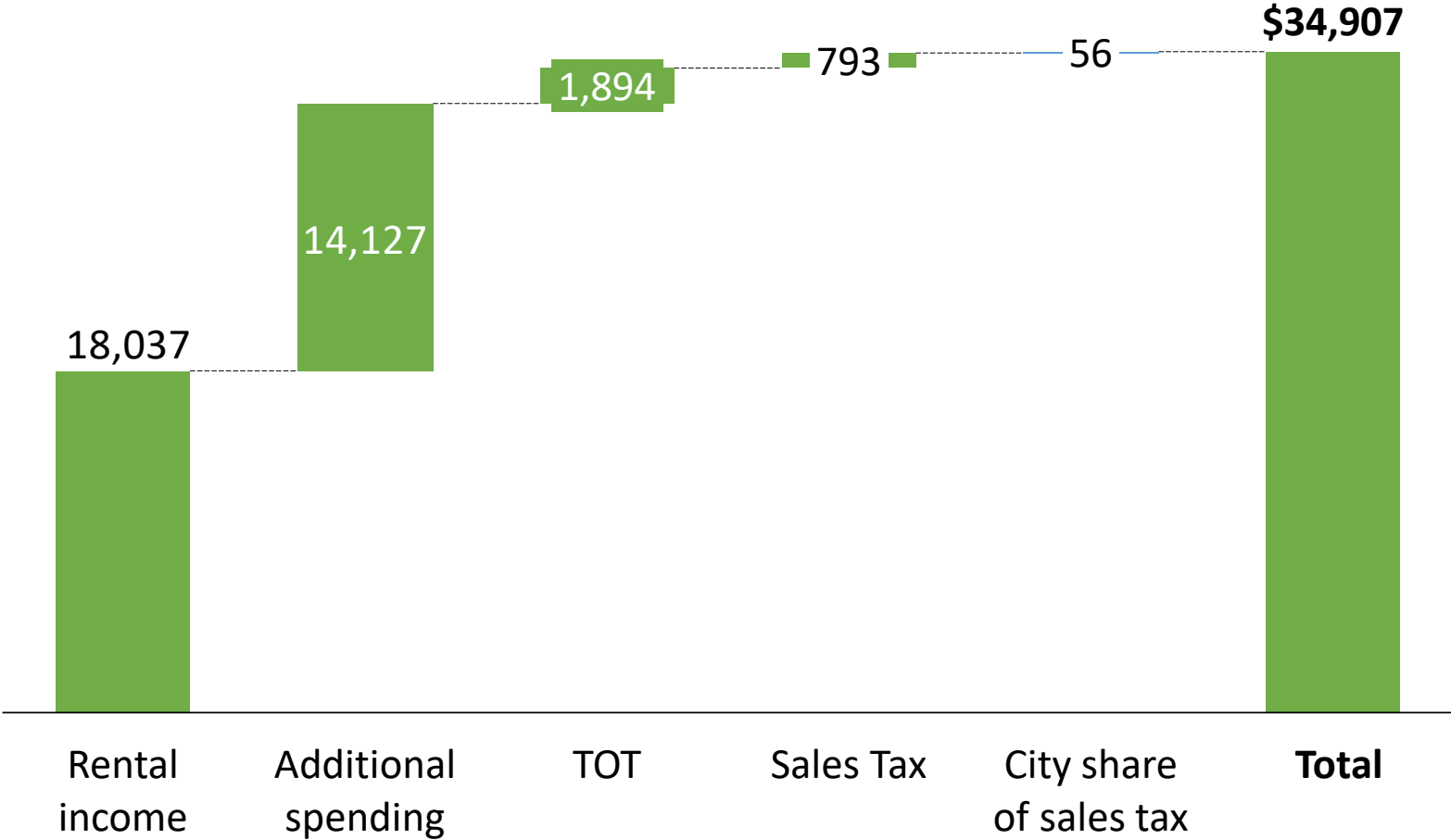
Colorado Springs Host Breakdown Details

Platform Breakdown



The Good: Short-term rentals can drive significant economic growth..

Estimated Annual Economic Impact per STR in the City of San Diego



Source: National University System Institute for Policy Research (October 2015)

The Bad: Short-term rentals can displace long-term tenants, alter the neighborhood character and raise legitimate parking, noise, safety, trash and fairness concerns

Conversion of long-term rentals into STRs can affect housing availability



Increased tourism can change the neighborhood character



Visitors don't always know (or follow) local rules



Short-term renters may not care about keeping good neighborly relations



Increased occupancy can have negative trash related side-effects



Unfair competition from VRBOs can cause conflicts and hotel job losses



In some communities short-term rentals have caused significant neighborhood tension



Emmy Jodoin

“It is loud, and there is live music and karaoke stuff, and it’s all done outside because of the pool. They’re out in front at 4 in the afternoon waiting for their Uber to come, drunk on the front lawn.”

“We did not buy our house to be living next to a hotel. Would you buy a home if you knew a hotel like this was operating next door, if you wanted to set your life up and raise a family?”



Jessica C. Neufeld

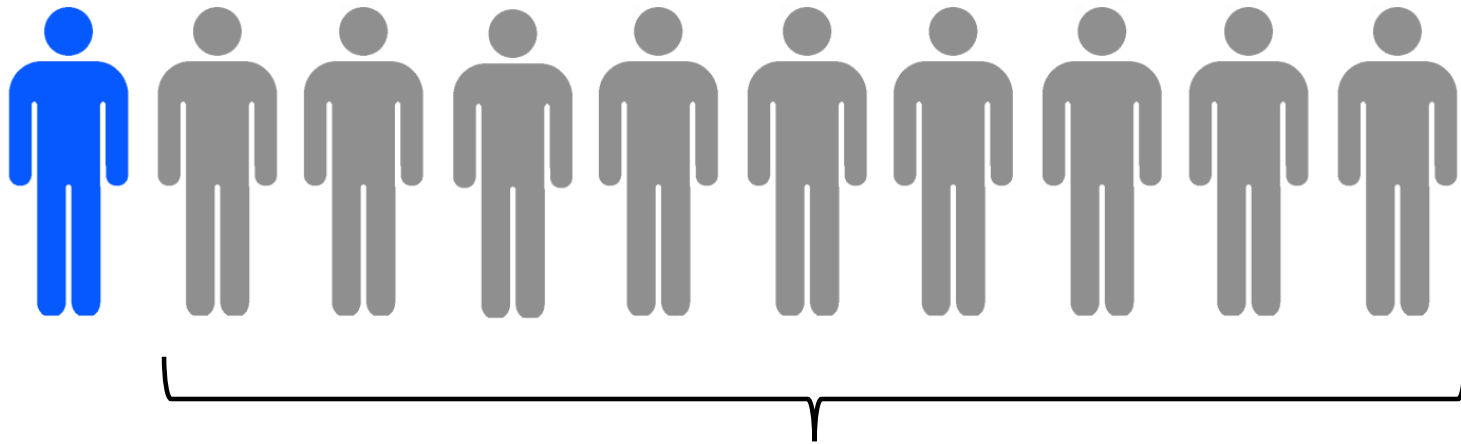


Hazel Old, age 11

“Sometimes, when they are outside, they’re playing beer pong just wearing their underwear”

Without proper enforcement, only a fraction of short-term rentals will get registered and pay their fair share of taxes

IN GENERAL LESS THAN 10% OF STR OWNERS VOLUNTARILY GET A PERMIT AND PAY ALL OF THEIR HOTEL TAXES



Large potential for increasing permit fee and tax collection

Unfortunately manual compliance monitoring and enforcement is ineffective and prohibitively expensive

- ✓ Rental property listings are spread across 100s of different websites
- ✓ Manually monitoring 100s of properties is practically impossible as listings are constantly added, changed or removed
- ✓ Address data is hidden from listings making it time-consuming or impossible to locate the exact properties and identify owners
- ✓ It is practically impossible to collect taxes as there is no easy way to find out how often the properties are rented and for how much
- ✓ The vacation rental platforms refuse to provide the detailed data necessary for enforcing local ordinances
- ✓ Manual compliance monitoring and complaint-based enforcement often leads to claims of selective enforcement

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Services tailored to your timeline

Pre-Ordinance

- ✓ Online Ordinance Assistant tool
- ✓ Webinars
- ✓ Whitepaper
- ✓ Peer Introductions
- ✓ APA Short Term Rental Online Course
- ✓ Free draft review
- ✓ Consulting and facilitation

Post-Ordinance

- ✓ Post Ordinance Monitoring and Compliance services
- ✓ Mobile Permitting and Registration
- ✓ Address Identification
- ✓ Compliance Monitoring
- ✓ Rental Activity Monitoring
- ✓ 24/7 Hotline

Ways we can help



Mobile Enabled Permitting and Registration: Mobile/web forms and back-end systems for streamlining Colorado Springs’s permitting and registration processes and capturing payments, signatures and required documents



Address Identification: Online dashboard with complete address information and screenshots of all identifiable STRs in Colorado Springs’s jurisdiction



Compliance Monitoring: Ongoing monitoring of STRs for zoning and permit compliance coupled with systematic outreach to illegal short-term rental operators (using Colorado Springs’s form letters)



Rental Activity Monitoring and Tax Collection Support: Ongoing monitoring of Colorado Springs’s STR listings for signs of rental activity. Enables data-informed tax compliance monitoring and other enforcement practices that require knowledge of STR activity level



Dedicated Hotline: 24/7 staffed telephone hotline for neighbors to report non-emergency STR problems



To accommodate any budget, our services are priced based on the number of listings that needs to be monitored



Mobile Registration

\$8.00 /yr



Address Identification

\$22.50 /yr



Compliance Monitoring

\$11.25 /yr



Rental Activity Monitoring

\$15.00 /yr



24/7 Dedicated Hotline

\$9.00 /yr

Note: The exact scope of work can be adjusted to meet Colorado Springs's exact monitoring needs in terms of geography, listing sites, listing types and other variables

Affordable modular pricing tailored to Colorado Springs's needs



Mobile Registration

\$13,528 /yr



Address Identification

\$56,295 /yr



Compliance Monitoring

\$19,024 /yr



Rental Activity Monitoring

\$25,365 /yr

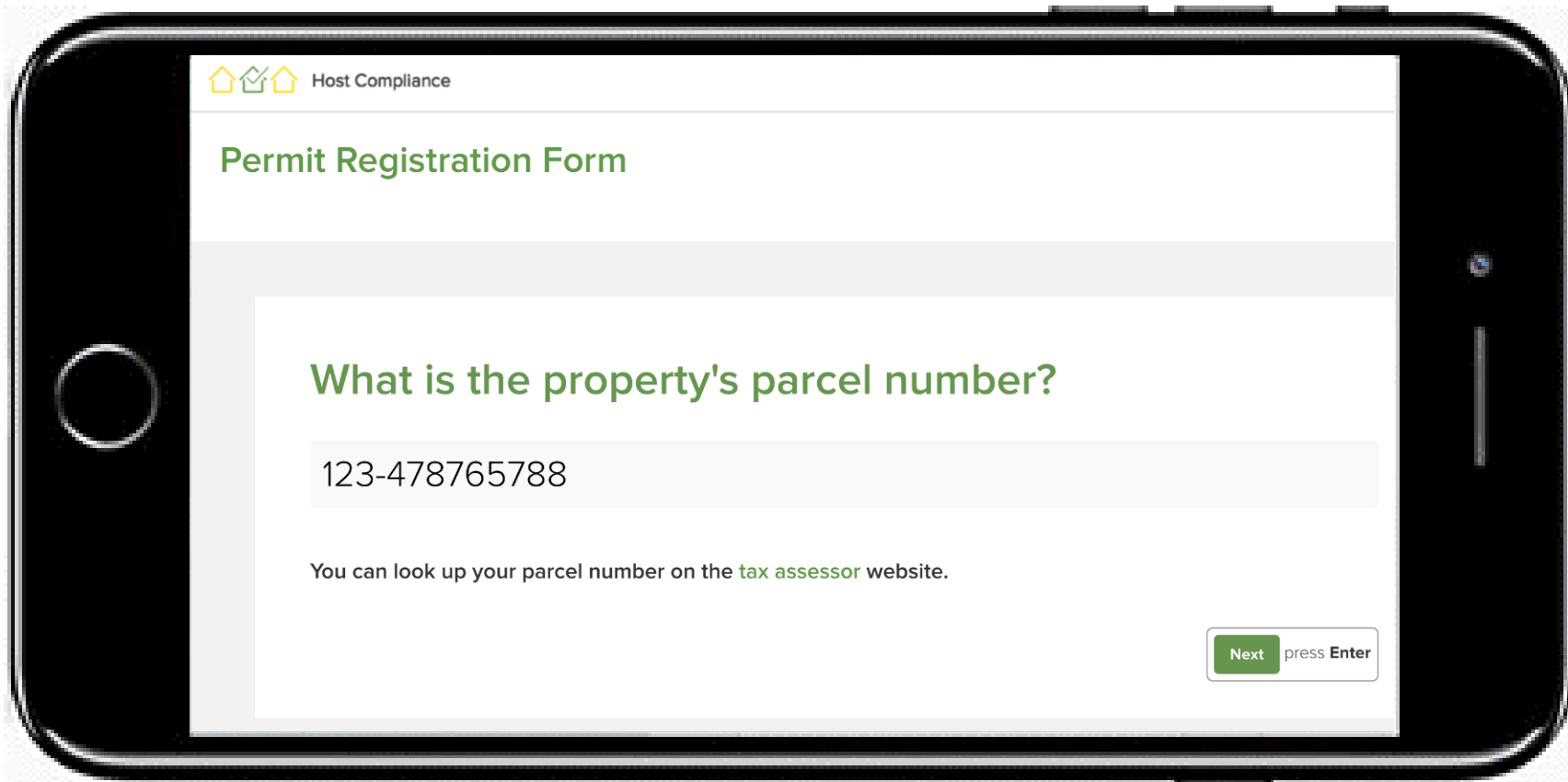


24/7 Dedicated Hotline

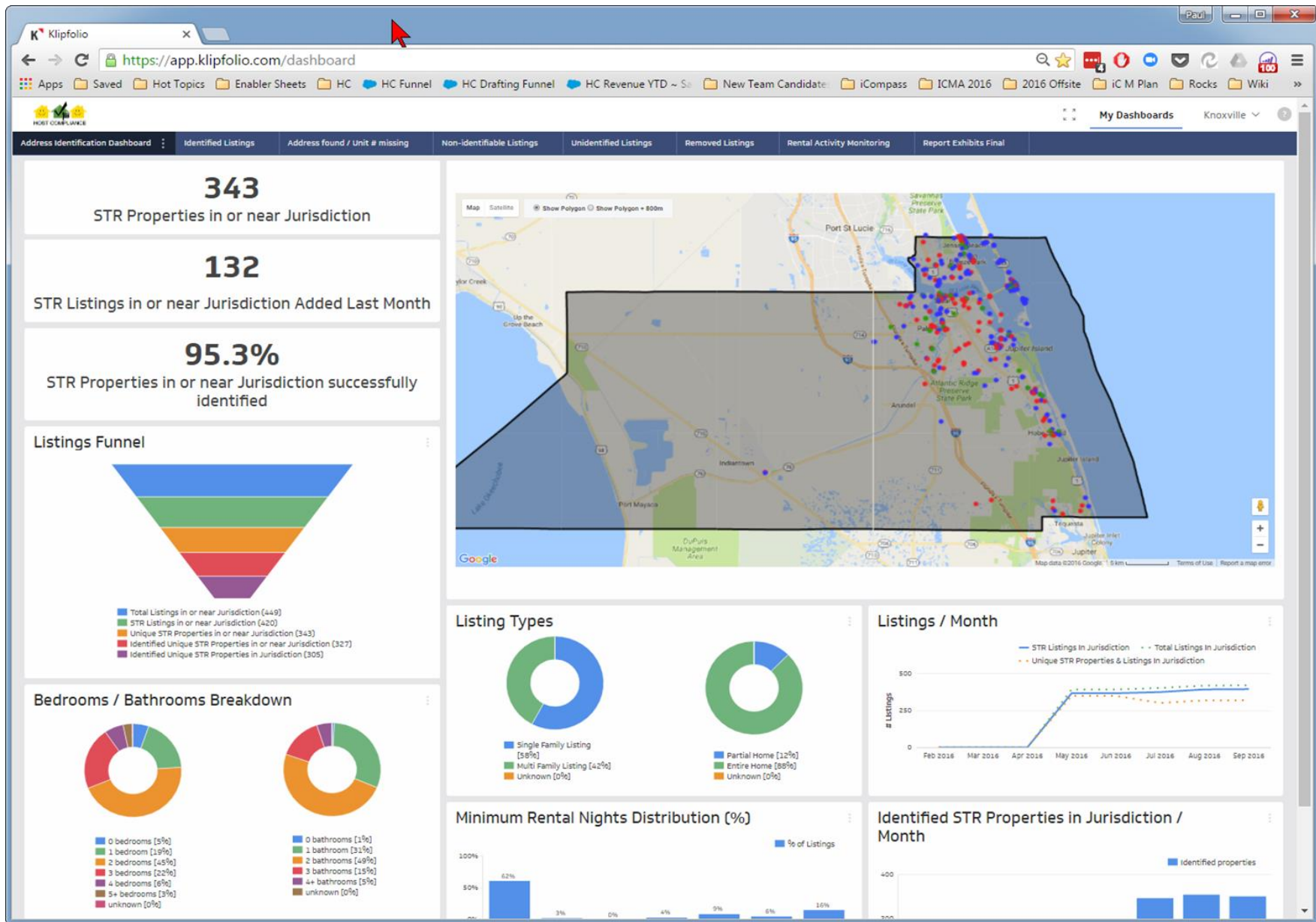
\$15,219 /yr

Note: Above pricing assumes 2502 short-term rental listings and based in USD. Host Compliance would be happy to discuss alternative SOWs, contract terms, contract durations and pricing structures if that would be of interest.

Mobile Enabled Permitting and Registration: Simplify Colorado Springs's registration/permitting process and significantly reduce the administrative costs on the back-end



Address Identification: Get weekly reports on Colorado Springs's short-term rental activity incl. complete address information and screenshots of all identifiable STRs



Address Identification: Complete listing information and screenshots of all identifiable STRs

Matched property listing

iframe.vacationrentalapi.com/property/6vEm6v3ucu7vMy+P?geoid=16000US0680588&key=!

Host Compliance

Address Match Verification Report

13733 Heidi Way, Truckee, CA, United States

Active Identified

VRBO - 321.579566.1126883

13737 Heidi Way
Truckee, California

Identified Address
13733 Heidi Way, Truckee, CA, United States

Identified Unit Number
None

Identified Latitude, Longitude
39.342317, -120.236335

Parcel Number
4446001000

Owner Name
SCHAEFER MAX W

Matched Details

Analyst LYY3

Explanation
House number visible in listing photo and full name matches tax records.

Owner Name Match

Matched property listing

iframe.vacationrentalapi.com/property/6vEm6v3ucu7vMy+P?geoid=16000US0680588&key=!

Listing Details

Listing URL
<https://www.homeaway.com/vacation-rental/p579566vb>

Listing Status
Active

Host Compliance Listing ID
hma321.579566.1126883

Listing Title
Mountain Hideaway With Modern Conveniences. Pet-Friendly.

Listing Info Last Captured
May 06, 2017

Screenshot Last Captured
May 04, 2017

Price
\$200/night

Information Provided on Listing

Contact Name
Max Schaefer

Latitude, Longitude
39.342418, -120.236239

Minimum Stay (# of Nights)
2

Max Sleeping Capacity (# of People)
8

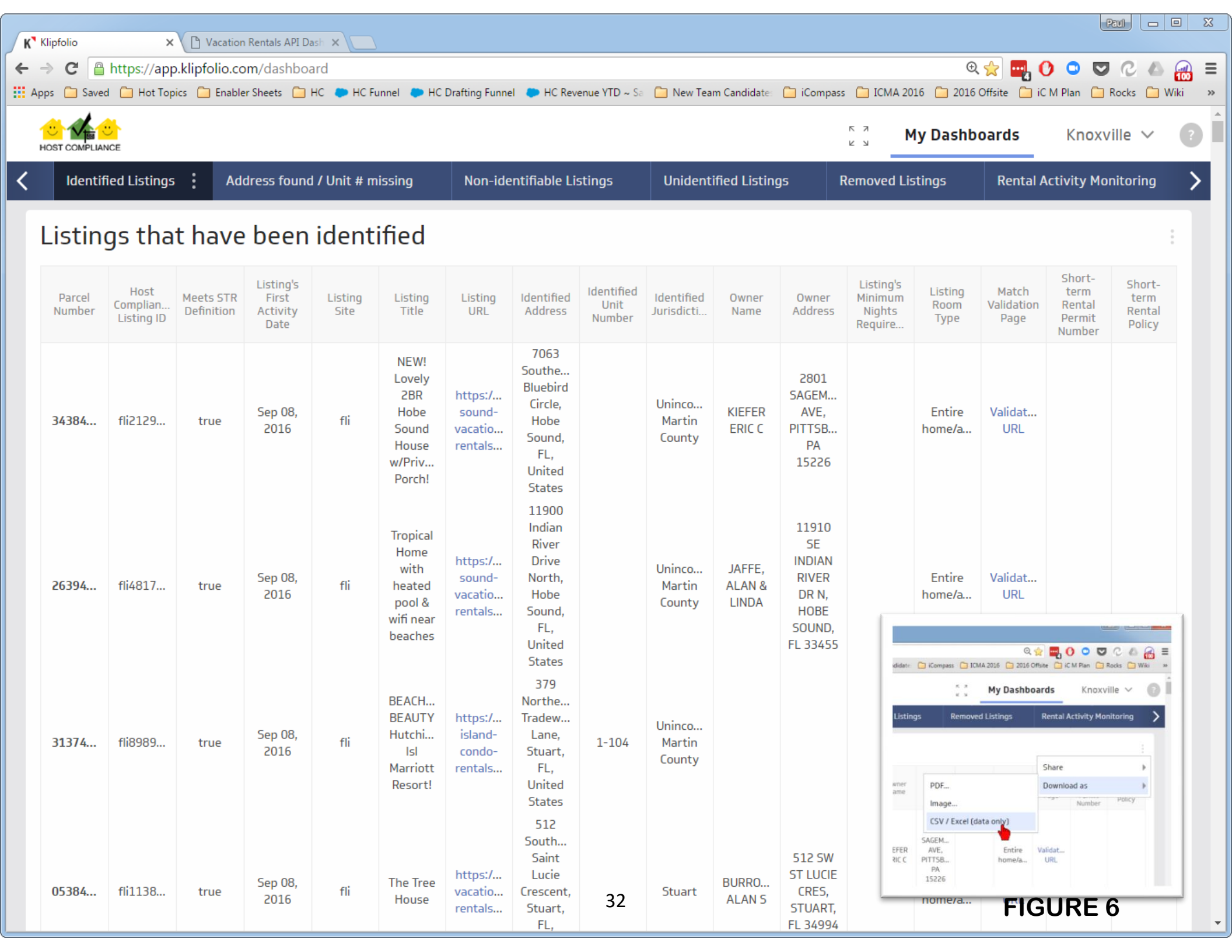
Number of Reviews
23

Last Verified Stay
Mar 2017

Listing Screenshot History
View Latest Listing Screenshot

Timeline of Activity
View the series of events and documentation pertaining to this property

- 2 Documented Stays
March, 2017
- 2 Documented Stays
January, 2017
- First Warning Resend: Sent
December 30th, 2016
- First Warning: Sent
October 14th, 2016
- 1 Documented Stay
September, 2016
- Listing hma321.579566.1126883 Identified
August 1st, 2016
- Listing hma321.579566.1126883 First Crawled
April 22nd, 2016
- 1 Documented Stay
January, 2016
- Listing hma321.579566.1126883 First Activity
August 5th, 2015



Listings that have been identified

Parcel Number	Host Compliance Listing ID	Meets STR Definition	Listing's First Activity Date	Listing Site	Listing Title	Listing URL	Identified Address	Identified Unit Number	Identified Jurisdiction	Owner Name	Owner Address	Listing's Minimum Nights Required	Listing Room Type	Match Validation Page	Short-term Rental Permit Number	Short-term Rental Policy
34384...	fli2129...	true	Sep 08, 2016	fli	NEW! Lovely 2BR Hobe Sound House w/Priv... Porch!	https://sound-vacation-rentals.com	7063 Southe... Bluebird Circle, Hobe Sound, FL, United States		Uninco... Martin County	KIEFER ERIC C	2801 SAGEM... AVE, PITTSB... PA 15226		Entire home/a...	Validat... URL		
26394...	fli4817...	true	Sep 08, 2016	fli	Tropical Home with heated pool & wifi near beaches	https://sound-vacation-rentals.com	11900 Indian River Drive North, Hobe Sound, FL, United States		Uninco... Martin County	JAFFE, ALAN & LINDA	11910 SE INDIAN RIVER DR N, HOBE SOUND, FL 33455		Entire home/a...	Validat... URL		
31374...	fli8989...	true	Sep 08, 2016	fli	BEACH... BEAUTY Hutchi... Isl Marriott Resort!	https://island-condo-rentals.com	379 Northe... Tradew... Lane, Stuart, FL, United States	1-104	Uninco... Martin County							
05384...	fli1138...	true	Sep 08, 2016	fli	The Tree House	https://vacation-rentals.com	512 South... Saint Lucie Crescent, Stuart, FL,	32	Stuart	BURRO... ALAN S	512 SW ST LUCIE CRES, STUART, FL 34994					

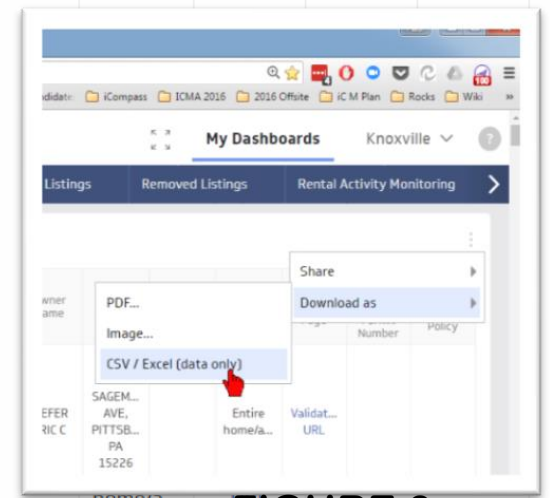
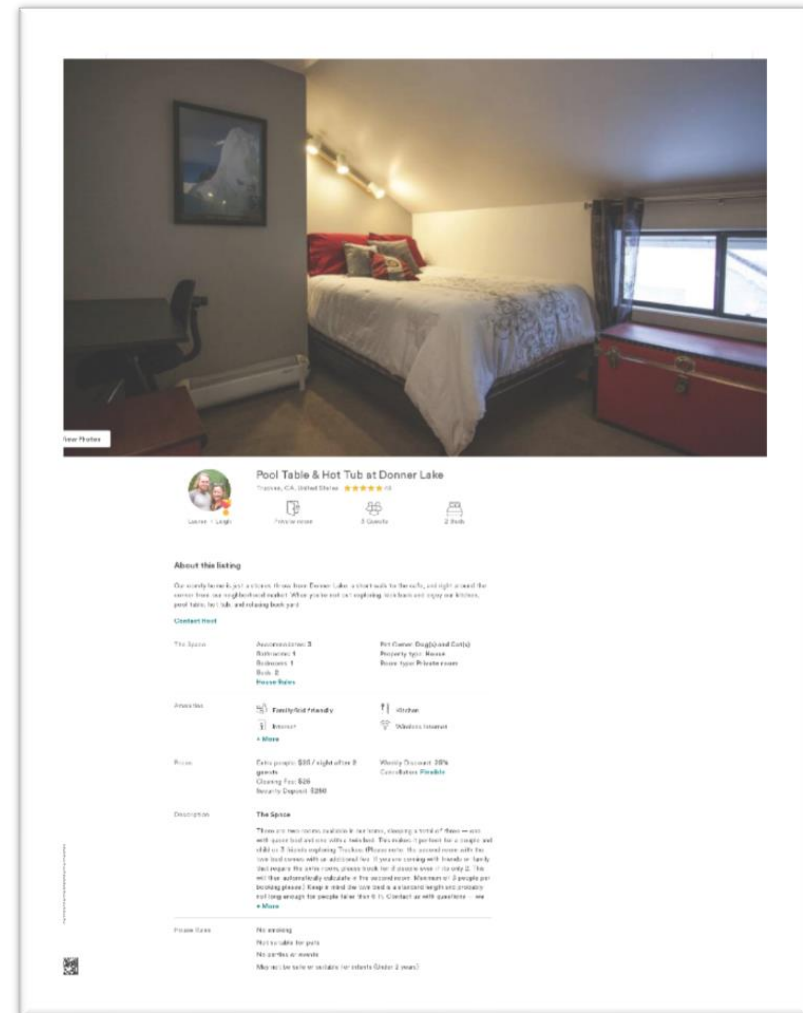
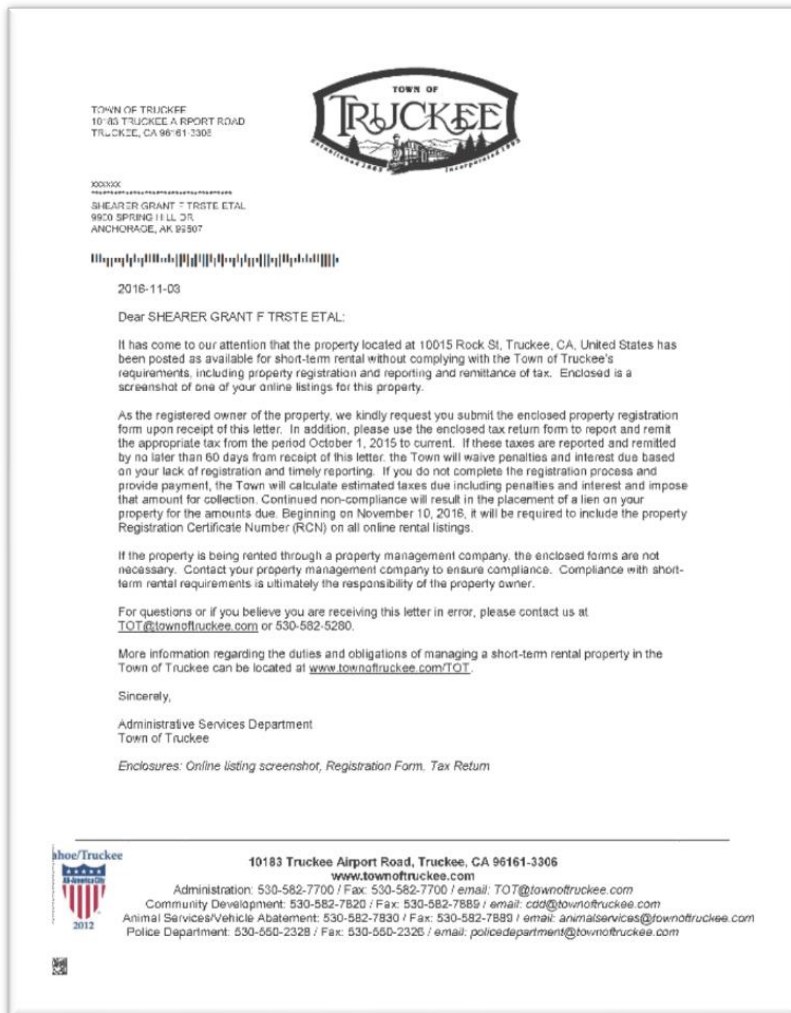
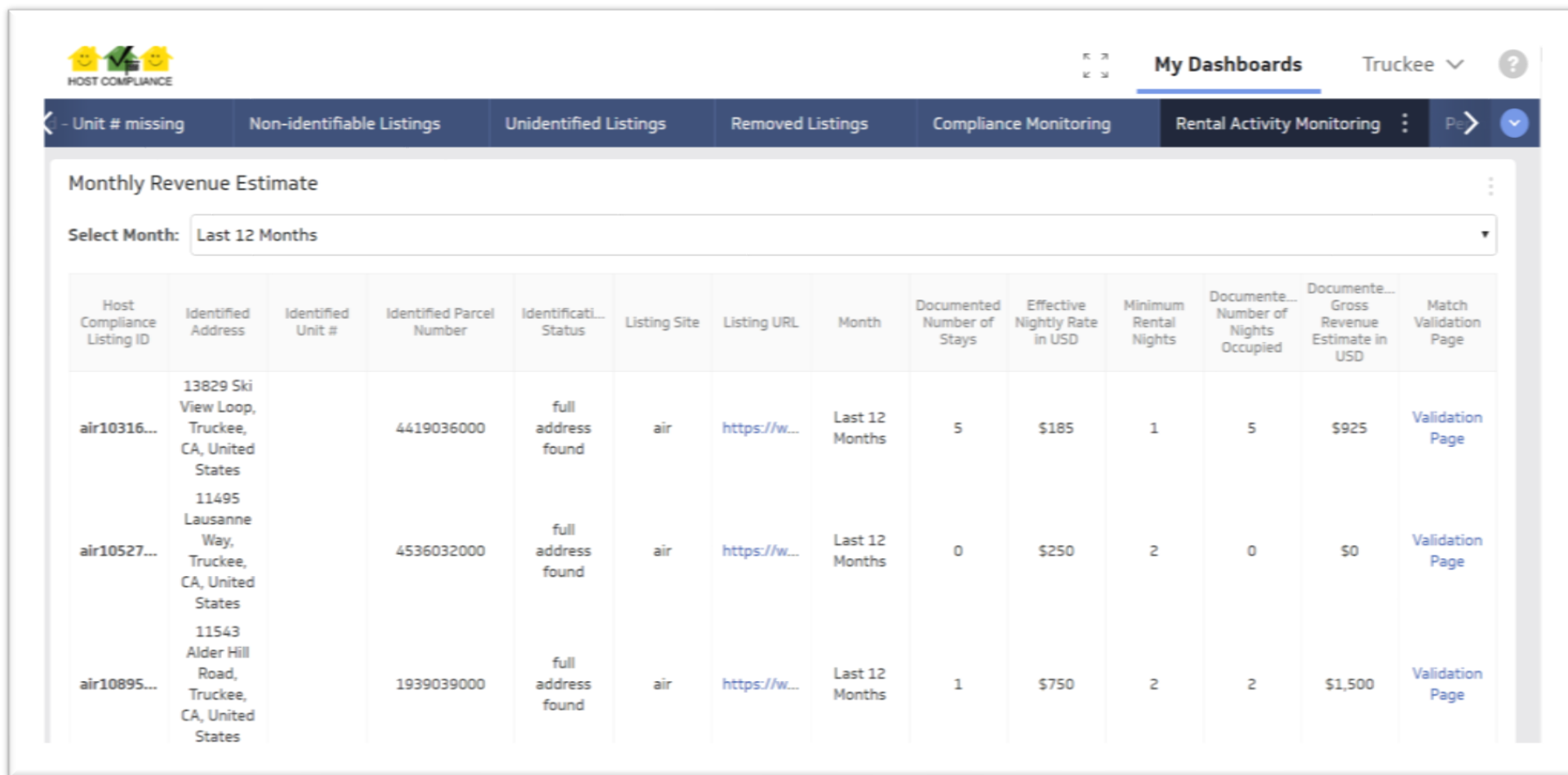


FIGURE 6

Compliance Monitoring: Put Colorado Springs's outreach efforts on auto-pilot by outsourcing the mailing of notices to non-compliant short-term rental operators



Rental Activity Monitoring: Easily identify tax fraud and prioritize and initiate tax audits by monitoring Colorado Springs's STR listings for signs of rental activity



24/7 STR Hotline: Make it easy for neighbors to report, prove and resolve non-emergency STR related problems in real-time

Step 1

Concerned neighbor calls 24/7 short-term rental hotline



Step 2

Complainant provides info on alleged violation and is asked to provide photo, video or other proof of alleged violation



Step 3

If property is registered, Host Compliance immediately calls host to seek resolution



Step 4

Problem solved or escalated – Complaints saved in database so serial offenders be held accountable



Short-term Rental Hotline

Call ID	Call Time	Caller Name	Caller Callback Phone	Call Recordin...	Reported Address	Reported Issue	Property Permit/... Number	Property Permit Contact Number	Call Contact Person for Propert...	Contact Person Acknowl... Call	Caller Request... Automa... Callback?	Caller Indicated Problem Resolved	Caller Transfer... to Police	Caller-Provided Evidence
14579...	3-Feb-2017 14:50:27	Ulrik Binzer	415-715-9280	Record...	120 S Cortez St, Presco... AZ	Nuisance at a Short-term Rental: noise: A lot of noise at the property for a few hours and wants someone to look into it	12345	203-23399...	true	true	true			Eviden...
14580...	3-Feb-2017 15:16:58	Ulrik Binzer	857-928-0955	Record...	120 S corcez street, Presea... AZ	Nuisance at a Short-term Rental: loud party: please call (857)928-0955	12345	203-23399...	true	true	true			Eviden...
15534...	13-Mar-2017 05:43:20	ANONY..	--	Record...	513 Copper Bason rd, Presco... AZ	Unlicensed Short-term Rental: If this property is license the property owner needs to post the license.			false		false			
14671...	8-Feb-2017 18:33:26	Kate Dutton	415-539-7921	Record...	120 S. Cortez, Presco... AZ	Nuisance at a Short-term Rental: loud party: very noisy. they are just trying to have some quiet time and it is	12345	203-23399...	true	true	true	true	false	Eviden...
14939...	20-Feb-2017 09:20:41	BOB INTEM..	928-239-5686	Record...	423 PARK AVE , preskit, AZ	Unlicensed Short-term Rental: Rental is not licensed and is posted as a mim. 1 night stay. Ronda is the listing name. 109-08-027D			false		false			
14941...	20-Feb-2017 10:28:14	Sue Knaup	928-541-9841	Record...	, Presco... Arizona	: There is a vacation rental above them. she has submitted plenty of complaints. 928-541-9841 .			false		false			
15110...	27-Feb-2017 11:30:47	Tom Martin	928-445-3580	Record...	1607 Idylwild Rd, Presco... AZ	Unlicensed Short-term Rental: In regards to structure at location, only one window, lack of smoke detectors, and faulty electrical. .			false		false			Eviden...

FIGURE 6

Benefits to using Host Compliance's services

- ✓ Ensures fair, continuous and consistent compliance monitoring and enforcement
- ✓ Frees up valuable staff time that can be focused on higher-value added activities
- ✓ Minimizes noise, parking and trash violations
- ✓ Minimizes the impact on local law and code enforcement agencies as complaints are first handled by our 24/7 hotline and routed to the appropriate property owner before further enforcement actions are triggered
- ✓ Maximizes Colorado Springs's tax and permit fee collections
- ✓ REVENUE POSITIVE – in most cases, the additional permitting fees alone pays for Host Compliance's services several times
- ✓ Requires NO up-front investment or complicated IT integration
-> we can be up and running in a couple of weeks
- ✓ **6 MONTH UNCONDITIONAL MONEY BACK GUARANTEE!**

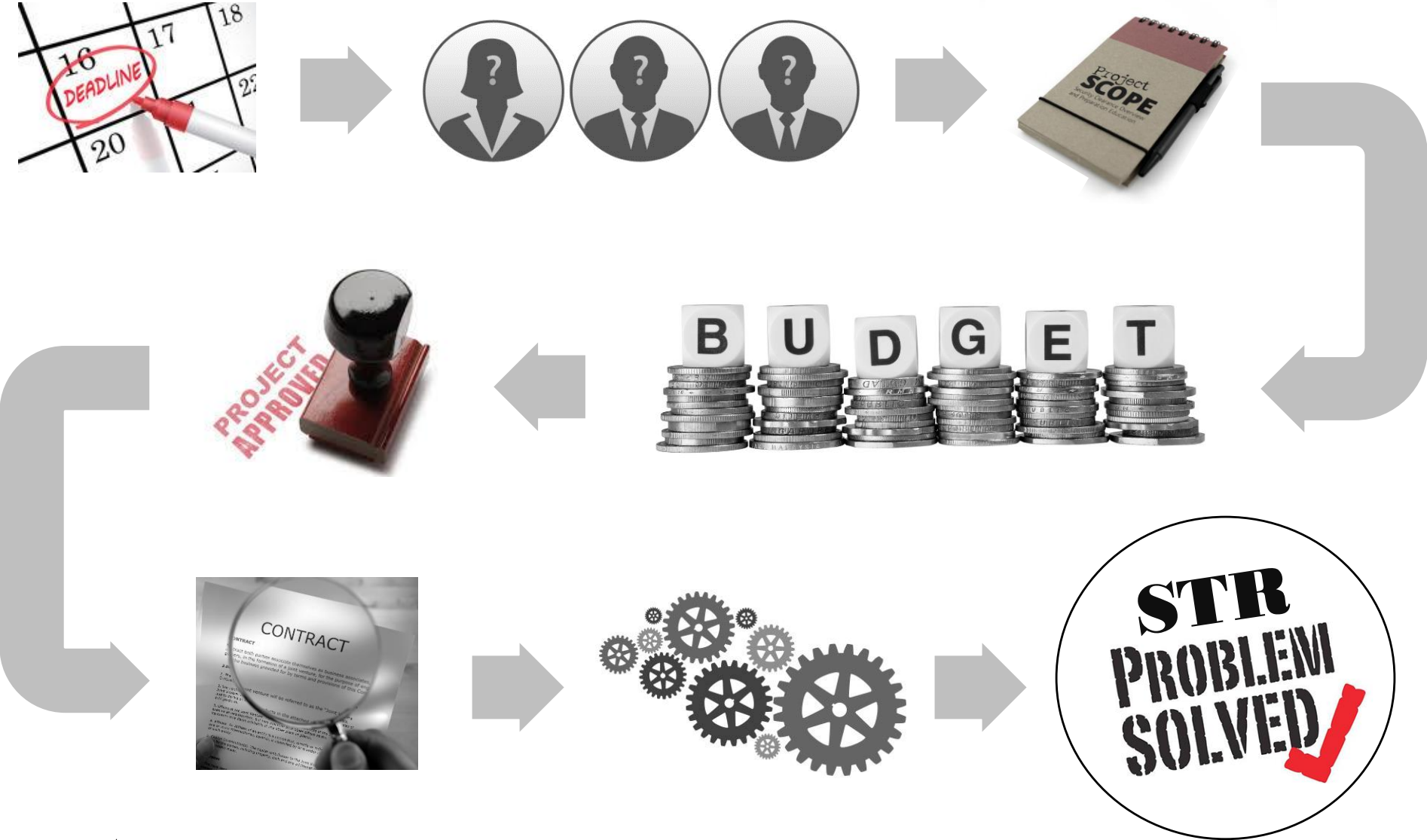
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Feedback

TELL
US WHAT
YOU THINK...

Working backwards to a solution to Colorado Springs's STR problems



Next Steps

- ✓ Send you this presentation
- ✓ Schedule all team meeting?
- ✓ Set timeline to decide on best solution for Colorado Springs's needs
- ✓ Confirm timing of possible rollout (needed to secure Colorado Springs's place in the queue)

Contact info

Please feel free to contact us anytime if you have any questions about short-term rental regulation and how to best address the associated monitoring and enforcement challenges.

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