

**FAS response to persons who commented on short-term rental rules
FINAL – December 6, 2018**

Thank you for submitting comments as part of the Department of Finance and Administrative Services' (FAS) rulemaking process to implement the short-term rental ordinance.

In reading the final rules, please keep in mind that FAS is limited to addressing issues within the framework set by the ordinance and within existing rulemaking authority. For example, FAS does not have the authority to increase the limit on the number of short-term rental units an operator could operate or designate Belltown, for example, as a new zone exempt from certain requirements.

Below is a summary of major changes reflected in the final rules:

1. Rule STR-2, Monitoring Listings for Compliance

- a. The amount of time given to a platform to communicate (to the City) any action taken against a noncompliant listing identified by the City has been extended from 48 hours to 7 calendar days.

2. Rule STR-3, Licenses and License Applications

- a. Consistent with the ordinance definitions of platform and booking services, a clarifying definition of platform has been added to mean "a person or entity that provides the means to (1) offer (i.e., advertise) a dwelling unit for short-term rental use and to (2) book (i.e., reserve and/or pay for) such a unit and (3) financially benefits from providing these services. The definition of platform does not depend on the person's or entity's scale of operations, possible simultaneous status as short-term rental operator or condition to limit access to the platform to certain operators or properties."
- b. Licensing requirements applicable to legacy unit operators have been revised and reduced to focus solely on those requirements directly related to what makes an operator eligible as a legacy unit operator. As a result, the requirement concerning changes to ownership remains in the rule. All other previously proposed requirements have been deleted or clarified to apply to all operators, regardless of legacy unit status.
 - i. As a point of clarification, the 12-month requirement for legacy unit operators to apply for an operator license and register their short-term rental unit(s) was not intended as a grace period. Rather, the intent was to prompt legacy unit operators to apply for an operator license in a timely manner. This requirement has been removed and does not affect the existing obligation for all operators, regardless of legacy unit operator status, to be licensed prior to operating as a short-term rental operator, effective January 1, 2019.
- c. Language was added to clarify that only tenants meeting the operator requirements in SMC 6.600.040.B.2 may offer a unit for short-term rental use.

3. Rule STR-4, Short-Term Rental Platforms General Provisions

- a. The deadlines for the first monthly data report from platforms have been changed to account for the 120-day implementation period explained in Director's Rule STR-7, thus the first report is due June 15, 2019.
- b. The requirement to provide monthly data reports remains in place as these reports do not duplicate the quarterly data reports on a platform's total numbers of listings and bookings. FAS will use the monthly reports to help monitor platform and operator compliance.

- c. A platform’s obligation to provide affiliated operators with summaries of the City’s short-term rental regulations will be met by referring operators to FAS’ webpage on short-term rental regulations (<http://www.seattle.gov/business-regulations/short-term-rentals>).

4. Rule STR-5, Licensing Fees

- a. Language was added to further clarify the purpose of regulatory fees, particularly the licensing fee for platforms (i.e., \$1 per unit per booked night).
- b. The third example given to illustrate a licensing fee calculation was changed so that it does not imply a scenario where an operator is able to operate more units than legally allowed.

5. Rule STR-7, 120-Day Implementation Period

- a. Language was added to emphasize the 120-day implementation period does not exempt STR operators and bed and breakfast operators from meeting their obligations under SMC 6.600, including the obligation to obtain an operator license.
- b. Language was added to communicate the City’s general approach to enforcement as the regulatory program establishes itself. Overall, the City will emphasize education and outreach over penalization during this 120-day period.

FAS revised the last paragraph in Rule STR-1, Primary Residence, to clarify ownership of a primary residence. FAS did not make any changes to Rule STR-6, Short-Term Rental Regulations and Public Disclosure.

Additional Responses to Comments

Although none of the rules directly addresses spouses, the short-term rental operator obligations under SMC 6.600.070 remain unchanged. Finally, the City Council repealed Ordinance 125442 in June; this ordinance would have imposed a City tax on short-term rental operators.

Please visit <http://www.seattle.gov/business-regulations/short-term-rentals> for copies of all final rules and for other information on the short-term rental ordinance.