

IOP Short Term Rental License Proposal Framework For Discussion – 01/23/23

Business License Structure

Two (2) classes of short-term rental (STR) licenses will be established:

1. **Resident License (RSTR)** - 4% Properties
2. **Investor License (ISTR)** – 6% Properties

License Limitations/Caps for Resident and Investor Short Term License

1. **Residential 4% Properties Not Subject to Cap Limitation** - Anyone that falls under the 4% property tax assessment rate and is a full time IOP resident may rent their home up to the State allowed 72 days per year with a Resident license. There will not be a limit on the number of Resident Licenses issued.
2. **Commercial Zoned District (Front Beach) Not Subject to Cap Limitation** - **ALL ISTR & RSTR** licenses will be excluded from any cap.
3. **Calculating ISTR Cap in Residential Zoned Areas** - Using 33% of Dwelling Units = 1,xxx.

Other Considerations

The following will apply to Investor Licenses:

1. **No Impact to IOP Revenues or Current License Holders** - Anyone holding a current license can renew their license;
2. **Commercial Zoned Area of Front Beach Excluded from Any Caps;**
3. **Active License Criteria** - An Investor License must generate at least \$20,000 annually (or # of days) or their license will not renew and be returned to the license pool;
4. **Transferability** – Consideration to be evaluated for family transfers/grandfathered properties. If Investor sells property, the ISTR will return to the license pool and the new property owner can apply for a new STR License. ISTR does not automatically transfer with a property sale.
5. **Wait List** - If the maximum number of Investor licenses have been issued, a waiting list will be generated based on date of request for a license. As licenses become available, they will be filled from the waiting list.

Compliance

At least one new full-time position will be created to monitor compliance and track all STR licenses. In addition, new technologies will be implemented to link various data bases to help facilitate compliance and enforce non-compliance. To help offset the cost of these added resources, the cost of an Investor License will increase by \$50 per license/yr. (approx. \$73K).