

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Consumer and Regulatory Affairs



Public Roundtable on

Implementation of Law 22-307, the Short-Term Rental Regulation Act of 2018

**Testimony of
Ernest Chrappah
Director
Department of Consumer and Regulatory Affairs**

**Before the
Committee of the Whole
Chairman Phil Mendelson
Council of the District of Columbia**

**January 25, 2022
12:00 p.m.**

Good afternoon, Chairman Mendelson, members, and staff of the Committee of the Whole. I am Ernest Chrappah, the Director of the Department of Consumer and Regulatory Affairs (DCRA). My testimony today is about the implementation of Law 22-307, the Short-Term Rental Regulation Act of 2018. I appreciate this opportunity to discuss the implementation of this law with the committee and the roundtable participants.

DCRA began accepting short-term rental license applications on Monday, January 10, 2022. As of January 21, 2022, DCRA has issued 106 Short-Term Rental licenses and 25 Short-Term Vacation Rental licenses. In my testimony, I will explain how DCRA solicited community input to ensure a successful implementation, how we have worked to make applying for a license as simple and fast as possible, and I will provide a brief overview of our enforcement strategy.

DCRA Solicitation of Community Input

Following the passage of the Short-Term Rental Regulation Act of 2018, which went into effect in October 2019, and the Zoning Commission's ruling to amend the zoning regulations in light of the new law, DCRA began drafting regulations to implement the law. After consulting with the Executive Office of the Mayor and the Office of the Attorney General to ensure the regulations were constitutionally sound, DCRA issued the first Notice of Proposed Rulemaking. The proposed rulemaking was published in the *D.C. Register* on October 16, 2020, for 30-day public notice and comment. DCRA received over 100 comments from members of the public and industry stakeholders. In response to the comments we received, the agency made substantive and technical changes to the rulemaking, which required DCRA to publish a Notice of Second Proposed Rulemaking. This second proposed rulemaking was published in the *D.C. Register* for a second round of 30-day public notice and comment on February 19, 2021.

DCRA received over 30 comments from residents and industry stakeholders. As with the first and second round of comments, DCRA determined additional substantive changes to the rulemaking were necessary, and the Office of the Attorney General concurred that a third proposed rulemaking would be needed. As a result, DCRA published a Notice of Third Proposed Rulemaking in the *D.C. Register* on May 28, 2021, for another 30-day comment period. After reviewing the comments received during this round of public comments, all of the changes that DCRA made to the third proposed rulemaking were technical in nature, which allowed the agency to publish a Notice of Final Rulemaking on December 3, 2021.

Prior to publishing the final rulemaking, however, DCRA had been working with the major booking platforms over the course of several months to have prospective hosts test the application system to make sure it was simple and easy to follow, and to work out any issues with the application system prior to its launch. Specifically, DCRA partnered with the two largest short-term rental booking platforms, AirBnB and VRBO, to pilot DCRA's licensing application, with close to 50 participating residents testing the system. The pilot program was largely successful with over 60% of the participants able to get fully licensed for short-term rentals. Those who did not receive a license either abandoned their license application (29.5%) or were ineligible due to the homestead requirement (9%).

DCRA also hosted a public information session on December 29, 2021, for purposes of introducing the public to the short-term licensing platform before its official launch on January 10, 2022. We received lots of positive feedback from members of the public who participated in our public information session. One participant stated that she "appreciated the public outreach and explanations regarding the new regulations for short-term rentals." Another participant noted that "the subsequent follow-up responses [from DCRA] were accurate and to the point."

In addition to this public information session, DCRA also held an information session for D.C. Council offices and another one for the major booking platforms in late December 2021. Other public outreach efforts that DCRA has made to inform the public about the implementation of the regulations include a Short-Term Rental User Guide, press release, email blast, social media posts, and media interviews.

Making License Applications Simple and Fast

DCRA has worked hard to make sure that applying for a short-term rental license is easy and fast. To apply, residents simply visit our website at dcra.dc.gov/shorttermrentals. All of the information they need is available there, including the link to start the application process, FAQs, and a link to file complaints about unlicensed rentals. Once an application is submitted, our team will immediately review it, and while the speed of approval will depend on volume, we are currently able to approve licenses on the same day the application is submitted.

Recognizing the financial hardships many District residents have endured due to the COVID-19 pandemic, Mayor Muriel Bowser is committed to keeping District licenses affordable. With that in mind, DCRA set the fee for the two-year license at \$104.50, which is significantly lower than similar licenses in other cities, such as San Francisco, where the cost is \$450.

Thus far, DCRA has received positive feedback from the community about the ease of the application process and DCRA's responsiveness in answering questions. For example, customers have told us that "it was professionally done," with one customer saying, "I was impressed by how quickly I got a response from DCRA. The people I dealt with were kind, respectful, and professional." Another customer told us, "[t]hanks for making the STR process so easy! I applied and in 24 hours got my license for my house. It was great. I appreciate it."

DCRA's Enforcement Strategy

In an effort to give the public time to comply with the regulations, DCRA has instituted a 90-day grace period. During the grace period, which began when the platform launched on January 10, 2022, DCRA will not take enforcement action against residents who are renting their property without a license. This gives people until April 10, 2022, to obtain their short-term rental licenses. After that, people who do not have a license or are not otherwise in compliance with the law will be fined. Civil penalties for violations by a host range from \$250 to \$1,000.

DCRA has a robust system in place to handle complaints and how they will be investigated. In addition to being able to make complaints on our website, DCRA has a 24/7 hotline set up to handle real-time issues and complaints from residents and visitors. Once a person calls the hotline to report a complaint, it is recorded in our system and is automatically sent to our Consumer Protection Unit (CPU) database. Our CPU team will follow up by getting more monitoring and compliance information and may go in person to inspect the property. Anyone can look up whether an address has a short-term rental license by using DCRA's Scout system, which is a consolidated online platform used to verify licenses and permits.

DCRA is also prepared to ensure that hosts and booking platforms comply with the law. For example, the vendor that DCRA hired to build the licensing platform has a feature that monitors active listings by scanning the booking platforms for addresses and cross-referencing them with the addresses in our database. If there is no license for a given active listing, a notification will be sent to the address informing the person that they need to come into compliance by getting a license. Additionally, we will request booking and occupancy data from the booking platforms to perform audits on our compliance and monitoring process. For

example, we want to be sure that hosts who have a short-term vacation rental license are not hosting for more than 90 cumulative days in a given year.

In closing, I want to emphasize the time, care, and thought that went into the rollout of DCRA's licensing system for short-term rentals, as well as our careful analysis of the regulations in the context of the law that was passed by the Council. I hope my testimony has given insight into the implementation of the Short-Term Rental Regulation Act and the many steps DCRA has taken to ensure a successful execution.

Thank you for the opportunity to present this testimony. I am available any questions that the committee may have.