

DRAFT

**[] 2022 AMENDMENTS
TO THE PARADISE VALLEY TOWN CODE
REGARDING NON-COMPLIANT SHORT-TERM RENTALS AND THE PEACE, HEALTH, SAFETY, AND
WELFARE OF THE GENERAL PUBLIC**

ADOPTED []

Article 10-14 SHORT-TERM RENTALS RESPONSIBLE PARTY REQUIREMENTS AND OTHER VIOLATIONS

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Section 10-14-1 Purpose

This Article is adopted to protect the peace, health, safety, and welfare of the Town’s residents and visitors by enacting reasonable regulations that mitigate the harmful abuses common to the Short-Term Rental of residential property within the Town while preserving property Owners’ rights to rent their property in a manner that does not disturb the peace or harm public health, public safety, or general public welfare. Such harmful abuses deplete law enforcement and public safety resources and can leave other areas of the Town with compromised levels of police protection so as to create a significant threat to the safety of both citizens and police officers alike. The inclusion of a specific regulation or reference to the Town Code in this chapter does not imply the exclusion of any other applicable law. It shall be unlawful to provide, offer or operate a Short-Term Rental or Vacation Rental within the corporate limits of the Town without first obtaining a permit as provided in this Article and without complying with any and all applicable laws, regulations and this Code.

Section 10-14-2 Definitions

In this Article, unless the context otherwise requires, the following terms or phrases are defined as follows:

“Banquet Space” means an Event Center that is used for serving and/or consuming food and/or beverages.

“Event Center” means any dwelling unit (i) for which the occupant has made payment for transient use of the dwelling unit and (ii) which is used for Special Events or other Nonresidential Uses.

“Guest” means a person who makes transient use of a Short-Term Rental. For the purposes of this Article, any person who makes payment for the use of a Short-Term Rental, any person identified on the rental agreement for a Short-Term Rental, any person who sleeps or plans to sleep overnight in a Short-Term Rental, and any person present in a Short-Term Rental after 10:00 PM, are each presumed to be a Guest of that Short-Term Rental.

“Nonresidential Use” means any use that is not permitted in a residential zoning district pursuant to the Zoning Ordinance, any use that constitutes an Unruly Gathering as defined in Article 10-13,

and any use for which entrants pay an entrance fee, unless such use is exempted under Section 8-8-4 (C) or (D).

“Online Lodging Marketplace” has the same meaning given to it in A.R.S. § 42-5076, as amended.

“Owner” means the owner of a Short-Term Rental or, in the case of a Short-Term Rental owned by a business entity, the natural person legally authorized to execute contracts on behalf of that business entity.

“Owner’s Representative” means an agent or representative of the Owner, such as a landlord, statutory agent, or property manager, or other designee acting on behalf of the Owner, who controls or otherwise regulates the occupancy or use of the property.

“Permit” means a permit to operate a Short-Term Rental as set forth in Section 10-14-3 of this Code.

“Short-Term Rental” and “Vacation Rental” are interchangeable for purposes of this Article, and mean any individually or collectively owned single-family or one-to-four-family house or dwelling unit or any unit or group of units in a condominium or cooperative, that is also a transient public lodging establishment or Owner-occupied residential home offered for transient use. Short-Term Rental and Vacation Rental do not include a unit that is used for any Nonresidential Use, including retail, restaurant, Banquet Space, Event Center or similar use.

“Special Event” has the same meaning given to it in Section 8-8-2 of this Code.

“Timely Manner” means: (i) within one hour after the initiation of contact with the Owner or Owner’s Representative for a complaint or incident that has been reported to the Police Department or for which police officers have been dispatched; and (ii) within 24 hours after the initiation of contact with the Owner or Owner’s Representative for a complaint or incident for which the police have not been dispatched at the time that such contact is initiated.

Section 10-14-3 Short-Term Rental Registration and Permit Required; Required Information

A. Short-Term Rental Registration and Permit Required. Before offering for rent or renting a Short-Term Rental within the Town, the Owner of that Short-Term Rental, or that Owner’s Representative, shall (i) register the Short-Term Rental with the Town, on a form specified by the Town, (ii) obtain a valid Permit, and (iii) obtain a valid transaction privilege tax license under A.R.S. Title 42. The Owner or Owner’s Representative shall notify the Town, in writing, of any change in the information required by this section, within seven business days of the effective date of such change.

1. Before any permit under this Article is issued, an application shall be submitted to the Town. Every Short-Term Rental registration and permit application must include the following information, which shall be made publicly available:

a. The name and contact information (address, telephone number and email address) of the Owner.

- b. The Short-Term Rental's physical address.
- c. The name, address, and contact information (address, telephone number and email address) of the Owner, or of an Owner's Representative who is responsible for responding to complaints in person, by telephone, or by email in accordance with Section 10-14-5(A)(1).
- d. The name, address, and contact information of a designated emergency contact.
- e. The phone number to the Short-Term Rental's landline, or other fixed telephone that transmits signals through physical media (e.g. cable, wire or fiber optics).

B. Consent and Certification. No Permit shall issue without:

- 1. Proof that the Short-Term Rental has been registered with the Maricopa County Assessor's Office in accordance with A.R.S. § 33-1902, where applicable; and
- 2. A valid transaction privilege tax license issued by the State of Arizona; and
- 3. An agreement to comply with all applicable laws, regulations and ordinances.
- 4. If an applicant is an individual, proof of lawful presence in the United States in accordance with A.R.S. §§ 1-502 and 41-1080, unless exempted by A.R.S. § 41-1080(B).

C. Booking Information. To protect the peace, health, safety, and general welfare of the Town's residents and visitors, the Owner of a Short-Term Rental shall (1) provide each booking Guest with a statement of applicable Town rules and regulations, or direct each booking Guest thereto, and inform the booking Guest that rental of the unit constitutes an agreement to comply with such rules and regulations and (2) display the Permit number issued by the Town on each advertisement for such Short-Term Rental.

D. Failure to Register and Obtain a Permit. Any person or entity who offers for rent or accepts a fee for booking a Short-Term Rental that is not registered with, and permitted by, the Town pursuant to Section 10-14-3(A) or, where applicable, with the Maricopa County Assessor's Office pursuant to A.R.S. § 33-1902, as amended, shall be subject to the penalties set forth in Section 10-14-6. Each day's failure to comply with a notice of violation or any other order shall constitute a separate violation. A Short-Term Rental that fails to apply for a Permit within 30 calendar days of the Permit application process being made available by the Town must immediately cease operations; a Short-Term Rental that continues operations shall be in violation of this Article, and the Owner of such Short-Term Rental shall be subject to the penalties set forth in Section 10-14-6.

E. The Town Manager or designee shall develop forms necessary to implement this section.

- F. Permit Fee. At the time of registration and application for a Permit, the Owner or the Owner's representative shall pay a nonrefundable \$250 permit fee.
- G. Notification. Prior to offering a Short-Term Rental for rent for the first time, the Owner or the Owner's Representative of a Short-Term Rental shall deliver written notice to all single-family residential properties adjacent to, directly across the street from, and diagonally across the street from the Short-Term Rental. Notification provided in compliance with this subsection shall include the Short-Term Rental's permit number and address, contact information for the Owner or Owner's Representative, and the information required pursuant to Section 10-14-3(A)(1), subsections (c) and (d). The Owner or the Owner's Representative shall demonstrate compliance with this subsection. The notification required pursuant to this subsection shall be updated and re-delivered within seven business days after any change to the contact information of the Owner or Owner's Representative.
- H. Insurance. The Short-Term Rental Owner shall provide evidence of at least \$500,000 aggregate amount of general liability insurance for each such Short-Term Rental, either by directly contracting for such insurance or by advertising through Online Lodging Marketplace that provides equal or greater coverage for that Short-Term Rental as part of such advertising agreement.
- I. Permit Issuance. The Town shall issue or deny the permit within seven business days after receipt of the information required by Sections 10-14-3(A) and (B) of this Code and otherwise in accordance with A.R.S. § 9-835, except that the Town may deny issuance of a permit only for any of the following:
1. Failure to provide the information required by Sections 10-14-3(A) and (B) of this Code.
 2. Failure to pay the required permit fee.
 3. At the time of application the Owner has a suspended permit for the same Short-Term Rental.
 4. The applicant provides false information.
 5. The Owner or Owner's Representative of the Short-Term Rental is a registered sex offender or has been convicted of any felony act that resulted in death or serious physical injury or any felony use of a deadly weapon within the past five years.
- J. Permits Non-Transferable. No permit granted pursuant to this article shall be transferable from one person to another or from one location to another.
- K. Term of Permit; Renewal.
1. All permits issued under this Article shall be valid for a period of one year from the date of their issuance.

2. If the owner has received notice of violation of any law or regulation, including disciplinary action against the permit, the application for renewal shall include a copy of the notice or disciplinary action.
 3. A Permit may not be renewed if there are causes for denial, suspension, revocation or other permitting sanctions as provided in this Article.
 4. Except where the Town has received a complete renewal application along with the requisite fees, it shall be unlawful for any person to operate a Short-Term Rental after the expiration date recorded upon the face of the Permit.
- L. Permit Suspension. The Town Manager or designee shall initiate an administrative process to suspend a Permit for a period of up to 12 months for any of the following:
1. Three violations of this Article within a 12-month period, not including any such violation based on an aesthetic, solid waste disposal or vehicle parking violation that is not also a serious threat to public health and safety.
 2. One violation of this Article, or of any other legal requirement enacted with the purpose of protecting public health and safety, that results in or constitutes any of the following:
 - A. A felony offense committed at or in the vicinity of a Short-Term Rental by the Short-Term Rental Owner or Owner's Representative.
 - B. A serious physical injury or wrongful death at or related to a Short-Term Rental resulting from the knowing, intentional or reckless conduct of the Short-Term Rental Owner or Owner's Representative.
 - C. An Owner or Owner's Representative knowingly or intentionally housing a sex offender, allowing offenses related to adult-oriented businesses, sexual offenses or prostitution, or operating or maintaining a sober living home.
 - D. An Owner or Owner's Representative knowingly or intentionally allowing the use of a Short-Term Rental for a special event that would otherwise require a permit or license pursuant to this Code or a state law or rule or for a retail, restaurant, banquet space or other similar use.
 3. Notwithstanding Subsections 1 and 2 of this Section, any attempted or completed felony act, arising from the occupancy or use of a Short-Term Rental, that results in a death, or actual or attempted serious physical injury, shall be grounds for judicial relief in the form of a suspension of the property's use as a Short-Term Rental for a period of time that shall not exceed 12 months. The Town Attorney or designee may initiate proceedings in the Town Court or other court of competent jurisdiction to enforce this section.
 4. The Town Manager or designee shall give notice of any suspension, and the right of appeal from the suspension, as provided in this article.

- 5. Any final suspension shall be for a period of one year, except that a hearing officer may reduce the suspension period to a period of six months upon a finding that the Owner of the Short-Term Rental has taken substantial and significant steps to prevent the reoccurrence of the actions that led to the suspension.
- M. Permit Revocation. The Town Manager or designee shall initiate revocation proceedings if any grounds for denial exist for a Short-Term Rental permit that already has been issued.
- N. Reapplication after Denial or Revocation. No Owner or Owner's Representative who has had a Short-Term Rental permit denied or revoked pursuant to this article may apply for another Short-term Rental permit for one year after the decision affecting the Owner or Owner's Representative's permit has become final.

Section 10-14-4 Compliance with Laws; Non-Residential Usage and Other Prohibitions

- A. A Short-Term Rental must at all times comply with the federal, state, and local laws, rules, and regulations related to public health, safety, sanitation, solid waste, hazardous waste, tax privilege licensing, including advertising requirements, property tax registration, traffic control, pollution control, noise, property maintenance, and nuisance abatement.
- B. A Short-Term Rental lacking a valid Permit under Section 10-14-3 and a valid transaction privilege tax license issued by the State of Arizona shall not be rented or offered for rent.
- C. No person or entity shall operate a Short-Term Rental in violation of this Article.
- D. No person or entity may receive payment or accept a fee, directly or indirectly, for facilitating the rental of a Short-Term Rental operating in violation of this Code or any other applicable law.
- E. Any renter who causes, permits, facilitates, aides, or abets any violation of this Article shall be subject to a civil sanction as set forth in Section 10-14-6(B).
- F. In accordance with A.R.S. § 9-500.39(B)(3), a Short-Term Rental may not be rented, advertised, or used for any of the following uses or purposes: housing sex offenders, operating or maintaining a sober living home, selling illegal drugs, liquor control, or pornography, obscenity, nude or topless dancing, and other adult-oriented businesses, performances, parties, or activities in which consideration is given in exchange for an adult-oriented service. Within 24 hours of every booking, the Owner shall perform a background check on every Guest to ensure that there are no sex offenders at the Short-Term Rental; provided, however, that this requirement may be satisfied by the Owner providing evidence that the Online Lodging Marketplace on which the Short-Term Rental is booked conducted a sex offender background check of every Guest. Failure to retain a full copy of the background check on each Guest for 12 months after the booking date shall be a separate violation of this section. Owners who permit a sex offender to occupy their Short-Term Rental shall be found in violation of this section.

- G. None of the following may occur where such acts may reasonably be viewed by the public, whether at ground level or from a reasonable vantage point of a nearby property, such as a deck or balcony:
 - 1. Urination or defecation;
 - 2. Nudity; or
 - 3. Sexual acts.
- H. Per Section 1007 of the Zoning Ordinance, motor homes, campers, trailers, boats, buses, and similar equipment allowed to be stored on residentially-zoned property shall not be used for sleeping or habitation purposes.
- I. Except when permitted by a Special Event permit under Article 8-8, no Short-Term Rental may be used for any Nonresidential Uses, including but not limited to, an event that requires a permit or license pursuant to a Town ordinance or State law or rule; a retail, restaurant, Banquet Space, Event Center, or other similar use, such as weddings and pop-up bars; or any use prohibited in a residentially-zoned district pursuant to the Zoning Ordinance.
- J. Any violation of an ordinance related to noise, protection of welfare, property maintenance, and other nuisance issues, where such ordinances are permitted under A.R.S. § 9-500.39(B)(2), constitutes a Nonresidential Use.

Section 10-14-5 Standards and Operating Requirements; Health and Safety

- A. Standards and Operating Requirements.
 - 1. An Owner or Owner’s Representative shall (a) affirmatively respond to complaints in person, over the phone, or by email, and (b) abate the incident from which the complaint arose in a Timely Manner regardless of when the Owner receives notice of the complaint. If such a response is due within one hour under this Article’s definition of Timely Manner, the response is deemed necessary to protect the peace, health, safety, and welfare of the general public, and the Owner or Owner’s Representative shall so respond in person. If the response is due within 24 hours, the Owner or the Owner’s Representative shall respond either in person, by telephone, or by email. Failure of the Owner or the Owner’s Representative to respond to a complaint as provided herein is a violation of this Article, and the Owner shall be deemed responsible for such violation regardless of whether an Owner’s Representative has been designated.
 - 2. Prior to the commencement of the occupancy or during check-in, the Owner shall explain and describe all rules and regulations applicable to the use of the property as a Short-Term Rental including, but not limited to, parking restrictions, restrictions on noise and amplified sound, trash collection schedules, Special Event and Nonresidential Use restrictions, fire evacuation routes, and any other information, as required by this Code, applicable to the Short-Term Rental and the

surrounding neighborhood. Prior to or upon the booking Guest's arrival at the Short-Term Rental, the Owner shall provide the booking Guest with a written copy of the statement of rules and regulations acknowledged by the booking Guest at the time of booking as required by Section 10-14-3(C). The Owner shall keep a record of compliance with this section.

3. Trash and refuse shall not be left stored within public view, except in proper collection containers for the purpose of collection in accordance with the residential collection schedule outlined in Section 8-3-9. Containers shall not be placed for collection before 6:00 p.m. on the day preceding the date of collection, and after the containers are emptied, they shall be removed from the street and stored in a screened area by the end of the collection day.
4. The following notice must be completed in 14-point or larger bold font, on a laminated or otherwise similarly shielded paper, and prominently displayed on the inside of the front door and the primary door to the backyard or in a conspicuous location near each such door. The notice below shall also include information regarding the location of all fire extinguishers and Town of Paradise Valley parking and waste disposal regulations.

NOTICE

USE OF THIS PROPERTY FOR ANY OF THE FOLLOWING PURPOSES IS PROHIBITED; VIOLATORS MAY BE SUBJECT TO SUBSTANTIAL PENALTIES:

1. Housing sex offenders;
2. Operating or maintaining a sober living home;
3. Selling controlled substances, liquor, or pornography;
4. Obscenity, Nude or topless dancing, and other adult-oriented businesses, performances, parties, or activities in which value is given in exchange for an adult-oriented service;
5. Any uses prohibited under A.R.S. § 9-500.39, or federal, state, or local law; or
6. Any use that disturbs neighboring properties' peace and enjoyment including, but not limited to, excessive noise, impeding traffic, obstruction of public streets by crowds or vehicles, use or possession of illegal drugs, drinking in public areas, the service of alcohol to minors or consumption of alcohol by minors, fighting, disturbing the peace, and/or littering.

UNLESS THE TOWN EXPRESSLY PERMITS SUCH A USE IN WRITING, USE OF THIS PROPERTY FOR ANY OF THE FOLLOWING PURPOSES IS PROHIBITED; VIOLATORS MAY BE SUBJECT TO SUBSTANTIAL PENALTIES:

Use for any nonresidential use, including:

1. For a special event that would otherwise require a permit or license pursuant to Town ordinance or a state law or rule; or
2. Operating a retail business, restaurant, event center, banquet space, or similar use.

Your local contact person's name is _____ and can be reached by phone 24 hours a day, seven days a week, at ____-____-_____.

B. Health, Safety, and Sanitation. To protect the health, safety, and general welfare of all Short-Term Rental occupants, Short-Term Rentals must meet the minimum standards for habitable structures set forth in this Code and the Zoning Ordinance and the following requirements. The Town may require inspection if it has a reason for concern that the Short-Term Rental may not be compliant with the Town of Paradise Valley's fire, building, or zoning requirements.

1. Owners shall:
 - a. Have either (1) liability insurance to cover the Short-Term Rental in an amount determined appropriate by the insurance company insuring such Short-Term Rental, but in no case, an amount less than \$500,000, in the aggregate, or (2) equal or greater insurance coverage is provided for the Short-Term Rental through the Online Lodging Marketplace through which the property is booked; and
 - b. Ensure their Short-Term Rental meets the requirements of this Subsection 10-14-5(B).
2. Smoke and carbon monoxide (CO) detection and notification system. A working smoke alarm and carbon monoxide (CO) alarm system, which may require the installation and maintenance of several detection units, shall be present within the Short-Term Rental and maintained annually as required under NFPA (National Fire Protection Association) 72. The Owner or Owner's Representative shall keep and make available for inspection upon request by the Fire Marshal a record of all inspections and maintenance activities.
3. Fire extinguisher. A portable, multi-purpose fire extinguisher shall be installed, inspected, and maintained as required under NFPA 10 in any kitchen area and on each floor of a Short-Term Rental and within 20 feet of every outdoor fire feature, fire pit, patio heater, fireplace, or other areas with fire. The extinguisher(s) shall be installed on the wall in an open common area or in an enclosed space with appropriate markings visibly showing the location of the fire extinguisher.
4. Fire Safety and Emergency Evacuation Map. The Owner shall provide and prominently display a map of the Short-Term Rental showing the following information: safe routes of egress in the event of a fire or other emergency; the location of telephone(s) required under this Article; the location of fire detection and suppression equipment; and any additional information relevant to such

emergency preparedness measures. Such maps shall include the full property address, emergency information (911), and Owner contact information.

5. Air Filters. As applicable, all HVAC filters in the Short-Term Rental shall be changed every three months or according to the manufacturer's instructions. The Owner or Owner's Representative shall keep and make available for inspection upon request by the Town a record of all HVAC filter changes.
6. Local phone service. At least one working landline, or other fixed telephone that transmits signals through physical media, with the ability to call 911 and receive inbound calls shall be available on every floor of the Short-Term Rental.
7. Cleaning. The Owner shall have the Short-Term Rental cleaned between bookings following CDC guidelines and using household disinfectant products recommended by the United States Environmental Protection Agency.
8. Pest Control. The Owner shall ensure that the Short-Term Rental receives regular (at least monthly) pest control treatments to keep the interior of all buildings and structures and exterior area of the premises free from infestation of insects, rodents, and other noxious pests where such infestation threatens the health, safety, or welfare of a person or persons.

- C. In addition to the transaction privilege tax license number that must be included in the Short-Term Rental's listing, the Owner shall complete and prominently display the following statement in the Short-Term Rental's Online Lodging Marketplace or other listing:

The Owner of this property will provide you with pertinent safety information, explain your responsibilities under the Paradise Valley Town Code, and expect you to certify your compliance therewith.

You must not use this property for any nonresidential or other prohibited activity or use, as defined in Paradise Valley Town Code Section 10-14-4. Any renter who causes, permits, facilitates, aides, or abets such prohibited use of this property shall be subject to a civil infraction carrying a mandatory penalty of a minimum of \$500.00, in addition to any other penalties which the Town may impose.

The use of this Short-Term Rental to house sex offenders is prohibited by State Law and by the Paradise Valley Town Code. The Owner of this Short-Term Rental is required to perform a background check on you and your guests prior to your stay.

Section 10-14-6 Enhanced Penalties

- A. The penalties set forth herein are cumulative, and the Town may proceed under one or more such penalties.

- B. Notwithstanding any other provision of this Code, causing, permitting, facilitating, aiding, or abetting any violation of any provision of this Article, or failing to perform any act or duty required by this Article, is punishable as a misdemeanor, and shall also constitute a civil offense, as set forth in Article 1-9 of this Code. Any person who admits, or is found responsible, for a civil offense pursuant to this Subsection shall be subject to a fine in the minimum amount of \$500.

- C. In addition to any other penalty imposed pursuant to any other provision of this Code, the Town may impose a civil penalty of \$1,000 per 30 days against the Owner if the Owner or Owner's Representative fails to provide contact information as required by Section 10-14-3(A). The Town shall provide notice 30 days prior to initial imposition of such a penalty. Notwithstanding the date of such notice, this penalty shall be calculated from the first day the Short-Term Rental is occupied by a Guest following failure to provide initial or updated contact information.

- D. In addition to any other penalty imposed pursuant to any other provision of this Code, the Town may impose a civil penalty of \$1,000 per month against the Owner if the Owner or Owner's Representative fails to apply for a Permit within 30 days after receiving written notice of such requirement.

- E. In addition to any other penalty imposed pursuant to any other provision of this Code, and notwithstanding any other law, the Town may impose a civil penalty of the following amounts against an Owner if the Owner or Owner's Representative causes, permits, facilitates, aides, or abets a violation of any provision of this Article or fails to perform any act or duty required by this Article, related to the same Short-Term Rental property within the same twelve-month period:
 - 1. Up to \$500 or up to an amount equal to one night's rent for the Short-Term Rental as advertised, whichever is greater, for the first violation.
 - 2. Up to \$1,000 or up to an amount equal to two nights' rent for the Short-Term Rental as advertised, whichever is greater, for the second violation.
 - 3. Up to \$3,500 or up to an amount equal to three nights' rent for the Short-Term Rental as advertised, whichever is greater, for a third and any subsequent violation.

If multiple violations arise out of the same response to an incident at a Short-Term Rental, those violations are considered one violation for the purposes of assessing civil penalties pursuant to this Subsection or suspending a Permit pursuant to Subsection 10-14-3(L).

Section 10-14-7 Appeals.

- A. Any decision to deny, suspend, or revoke a Permit, or to impose a penalty pursuant to Section 10-14-6 of this Code, shall be subject to the review and appeal procedures set forth in Section 4-1-10(B) of this Code.

- B. This Section is not applicable to judicial actions brought pursuant to section 10-14-3(L)(3), or to any penalty imposed by a court.

Section 10-14-8 Town use of Permit information.

Unless otherwise provided by law, the Town may use any information obtained from a Permit application for any lawful purpose including, but not limited to, communicating or providing reminders, information related to public health and safety, information regarding compliance with laws, and general Town updates.