



City Of Sedona Community Development Department

102 Roadrunner Drive Sedona, AZ 86336

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September 15, 2017

Vacation rentals and your neighborhood

Dear Sedona Homeowner and Resident:

As you may be aware, recent Arizona law allows for homes to be used as vacation rentals.

If you are considering using your Sedona home or guest home as a vacation rental – or if you are a resident who's concerned about vacation rental activity in your neighborhood – please read this letter to learn about your responsibilities and rights.

Renter's responsibilities

- Vacation rentals are only allowed in approved structures. For example, if you wish to convert your garage, workshop or other accessory structure into a vacation rental, you must work with the city's Community Development Department to get required building permits before you begin remodeling and conversion work. Although the city currently does not have safety and health codes related to single-family homes or home rentals, we strongly encourage you to install basic safety measures such as fire extinguishers, smoke and carbon monoxide detectors, deadbolt locks, etc. Some structures, such as apartments or homes in areas where covenants prohibit vacation rentals, may not be permitted. For information about permitted structures call the Community Development Department at (928) 282-1154.
- To use your property as a vacation rental you must acquire a business license whether or not the property for rent is a portion of a home, a guest house, or an entire home, and regardless of whether you rent on a full-time or part-time basis.
- As part of the business license application, all vacation rental properties must provide the city with your emergency contact information. This information is used when situations arise that requires your notification.
- All properties used for vacation rentals must obtain a transaction privilege tax license from the Arizona Department of Revenue. Vacation rentals must remit sales tax and transient occupancy tax (bed tax) at the same rates as hotels. Check with the county in which your home is located to determine the sales tax rate because each county has different rates. These taxes must be paid regardless of whether or not you charge your guests tax in addition to the money they pay you for rent. As the property owner, it is your responsibility to collect the money and remit the taxes you collect to the Arizona Department of Revenue or ensure that a third party vendor does this on your behalf. Currently Airbnb is the only third party vendor the city is aware of that collects and remits taxes on behalf of its clients. Failure to make timely tax payments can result in fines and interest. For more information about business license requirements and sales tax remittance contact the city's Finance Department at (928) 204-7185.

Neighbors' rights

- Unless otherwise prohibited by your Home Owners Association, your neighbors are likely allowed by law to engage in vacation rentals.
- The city does not enforce rules and regulations issued by Home Owners Associations. Please contact your association to inquire about those rules and regulations.

- Vacation rentals must comply with rules and regulations limiting noise, unsightliness and other nuisances similar to those that apply to other residential uses.
- If you are resident who lives near a vacation rental and want to ensure the property is compliant with all applicable rules and regulations, or if you have specific concerns about noise, or other nuisances you are encouraged to contact the Community Development Department at (928) 282-1154 or visit www.sedonaaz.gov/reportit to report the situation online. If the situation is suspicious or after normal business hours (Monday – Thursday, 7 a.m. – 6 p.m.), contact the Sedona Police Department at (928) 282-3100. In an emergency dial 911.

Protecting Sedona neighborhoods

Compliance with city ordinances and regulations is important to protect property owners engaged in vacation rentals, their neighbors, and the safety and quality of Sedona’s neighborhoods. The city is in the process of creating an inventory of properties listed for vacation rentals to ensure compliance.

- Property owners engaged in vacation rentals who come into compliance with all applicable rules and regulations before October 31, 2017, will receive relief from any additional fines, penalties or interest related to noncompliance issues and code violations.
- Failure to obtain a business license to operate a vacation rental is a class 1 misdemeanor, with possible penalties of a \$2,500 fine and six months imprisonment. Each day of a violation can be considered a separate criminal offense.
- Properties found to be in violation of any rules and regulations after October 31, 2017, will be subject to additional fines, fees and enforcement actions.

Thank you for your help and commitment to maintaining Sedona’s beautiful neighborhoods and high quality of life. If you have any questions, concerns or need additional information about vacation rentals, please visit www.sedonaaz.gov/vr or call us – your success is our success!

Sincerely,

Audree Juhlin

Audree Juhlin, Director