



No takers yet for city's STR deed restriction program

By **Tim Perry** - September 6, 2023

The city of Sedona has begun sending out flyers to encourage residents to place deed restrictions on their properties to prevent them from being used as short-term rentals. No one has yet signed up for the program.

The city of Sedona has begun a new direct mailing campaign promoting its short-term rental deed restriction program, intended to persuade Sedona homeowners to put deed restrictions on their properties in return for nominal compensation.

“Want to ensure your home never becomes a short-term rental? Even after you sell?” asks a city flyer that Sedona residents began receiving with their sewer bills a couple of weeks ago. “Join our free deed restriction program. This program allows you to place a no short-term rental deed restriction on your home which carries over with the sale of the property!”

The city flyer provides no additional information on the program apart from a phone number for city housing coordinator Jeanne Frieder.

The housing section of the city’s website contains a two-paragraph reference to the program that states the city will waive the filing fees for such restrictions. It does not provide a link to a copy of the deed restriction document, although a sample can be found included in the Jan. 24 council packet.

The deed restriction proposed by the city offers owners the sum of \$15 for either a complete prohibition on short-term rental use — less than 30 days — of their properties, or for a prohibition on short-term rental of part of a dwelling unit unless that unit is occupied by the owner as their primary residence.

These restrictions will run with the land for a term of 49 years and the term will automatically renew each time the property is sold or transferred. Foreclosures or tax sales will likewise fail to terminate the deed restriction.

The language of the city’s deed restriction also provides that a property owner entering into it agrees to pay damages in the amount of \$500 per day in the event of a violation of the deed restriction, plus costs and interest, and grants the city a lien against their property in advance to enable the city to recover these costs. Finally, the deed restriction cannot be terminated without the consent of the city.

Approved in January

The Sedona City Council authorized the program on Jan. 24 after 12 minutes of discussion.

Former mayor Sandy Moriarty spoke in favor of the program but advised against raising the time limit to 90 days, as it could present problems for those relocating to the area.

“This is something I have been intending to do when I sell my house anyway,” Moriarty said. “I’m willing to be your first customer.”

“I just want to be clear — the only thing that we’re approving is staff time, really, to help and make sure it’s properly filed. There’s not a big financial commitment,” Councilwoman Kathy Kinsella said. “The only incentive would be maybe the city picking up the \$15 filing fee.”

“And possibly a nominal fee to the owner of also \$15,” housing manager Shannon Boone said.

Councilman Pete Furman asked if the city could use a longer minimum term than 30 days and was told by Boone and city attorney Kurt Christianson that it could do so.

“These are different times,” Furman said. “I’d like to see us promote a more restrictive deed than that. Ninety days would be my proposal.”

“It’s certainly in the city’s best interests,” Kinsella said.

Councilman Brian Fultz suggested going door-to-door to homeowners displaying “homes, not hotels” signs to invite them to restrict their properties.

According to city Communications Director Lauren Browne, no one has signed up for the deed restriction program so far.

Concerns When Selling a Home

The Sedona Verde Valley Association of Realtors has expressed concern over the proposals.

“While deed restrictions can be effective tools to maintain the overall appeal and value of a community under the correct circumstances, they have punitive effects to property values when used incorrectly,” SVVAR president Joyce Wilson said in a statement. “While SVVAR would support clearly-defined programs to address the shortfall of housing production in the region, we do not support the city of Sedona’s deed restriction program as a viable solution given the lack of information and data to support the assumption that short-term rentals are the source of Sedona’s housing problem.”

Other Incentives

During the city council’s work sessions for the fiscal year 2024 budget, city staff proposed a decision package that would have allotted \$2

million for the city to purchase deed restrictions in FY 24. The recommended sum for a purchased deed restriction, which the budget described as an “incentive,” was between \$60,000 and \$150,000, which would have allowed the city to obtain between 13 and 33 deed restrictions. Staff’s goal was to obtain 25 restrictions during the fiscal year. Council declined to approve the decision package.

“Purchasing deed restrictions has been effective in other resort communities such as Vail, Colo.,” the budget proposal for paid restrictions stated. “Over its first five years, the InDeed program in Vail, Colo., secured 167 units with 261 total bedrooms at a cost of just under \$11.3 million.”

The town of Vail publishes and regularly updates a full list of all properties on which it has obtained deed restrictions, including the size of the units and the amount paid for each restriction. As of May 18, Vail reported having restricted 174 units at a cost of \$84 per square foot, \$44,111 per bedroom and \$70,476 per property.

Vail’s statistics also show that the average size of a deed-restricted apartment is 645 square feet. Units at the city’s proposed Sunset Lofts apartment complex are planned to average 750 square feet.