

April 10, 2017; Law Regulates Guam B&B's

Who doesn't need some spare cash from time to time? The question though, is how to get it? A number of Guam residents have found the answer to this question lies in their own homes. In fact, it *is* their home. A growing trend across the United States, and indeed throughout the world, is converting all or part of a home into temporary housing for tourists or short-term guests. As I mentioned last week, there are over 300 Guam homes and condos currently on the market for short-term rentals.

Many travelers prefer staying within the local community rather than in established hotels. These travelers relish rubbing shoulders with the locals and gaining insight into their everyday lives. What better way to get to know locals than to live in their neighborhood? Or, actually live with them in their homes?

Such an arrangement can also benefit local residents. There is the fun of mingling with visitors and the appealing prospect of making money.

Opening local homes to tourists comes with legal responsibilities. These responsibilities can be found in P.L. 33-165. The Legislature had two goals in mind: establish a licensing process and appropriate restrictions and standards for local tourists' accommodations; and to open a window of opportunity for Guam residents to directly enjoy the financial benefits of tourism.

The law recognizes two types of temporary home lodging. The first is the traditional bed and breakfast (B&B) accommodation. The other is a short-term rental property. This week, I'll discuss the legal requirements for B&Bs.

In a B&B, tourists or short-term guests live in a private residence along with the owner-proprietor. As the name implies, the owner must serve breakfast to the houseguests each morning.

Before opening a B&B, the owner has to have lived on Guam for at least a year and obtained a business license from the Department of Revenue and Taxation. The owner is also required to obtain a Mayor's verification of residency. B&Bs cannot be licensed to corporations or managed by a business structure that has a board of directors or shareholders. Registered sex offenders can't operate a B&B.

Only one residence per lot can qualify as a B&B. The residence can't have more than five rental rooms. Each rental room is limited to no more than 4 single beds or two double beds. A combination of single and double beds is allowed as long as no more than four people reside in a room. Each guest room must have a working smoke detector.

To preserve the peace and quiet of the neighborhood, the owner must create and enforce "house policies." At a minimum, these policies must include quiet

hours from 9:00 p.m. to 5 a.m. and require vehicles to be parked within a designated onsite parking area. These policies must be posted in all advertisements, within the written rental agreement, and in all rental rooms.

Owners must pay a monthly 4% excise tax. If the owner uses the services of a transient accommodations broker, such as Airbnb or HomeAway, the broker must obtain a separate license and report, collect, and pay over the excise tax to the Department of Revenue and Taxation.

Next week, I'll highlight the legal requirements for short-term rental properties.