



Certificate of Occupancy for STRs: What It Is and Why It Matters

Educational purposes only. This article is informational and does not constitute legal or professional advice. Requirements vary by jurisdiction. Always consult your local building department and a licensed professional.

The Certificate of Occupancy is one of the most overlooked compliance documents in the STR world. It's not glamorous, but it's foundational — and skipping it can create real problems when it comes to insurance, permits, and liability.

01 — What Is a Certificate of Occupancy?

A Certificate of Occupancy (CO) is an official document issued by a local government authority — typically the building or planning department — that certifies a property is safe to occupy and complies with applicable building codes, zoning laws, and other regulations.

- Confirms the property meets local building and safety codes
- Verifies the property is being used in accordance with its zoning designation
- Required after new construction, major renovations, or change of use
- Issued by the city or county building department
- Different from a business license or STR permit — but often required alongside them

Practical Tip: A CO is not a one-time document. If you make significant renovations or change how a property is used, you may need to obtain a new or updated CO.

02 — Why It Matters for STR Operators

Many STR markets now require a valid Certificate of Occupancy as part of the permit application process. Even in markets that don't explicitly require it, operating without one can expose you to serious liability.

- Some cities require a CO before issuing an STR permit
- Insurance claims may be denied if the property lacks a valid CO
- If a guest is injured on a property without a CO, liability exposure increases significantly
- Lenders may require a CO for financing — especially for investment properties
- Selling a property without a CO can complicate or delay the transaction

Practical Tip: Even if your city doesn't explicitly require a CO for STR licensing, verify that your property has one on file. It's a basic layer of protection.

03 — How to Check If Your Property Has a CO

In most cases, you can verify whether a property has a Certificate of Occupancy through your local building department. Here's how:

- Contact your city or county building department directly
- Search your local government's online permit and inspection records portal
- Request a copy of the CO from the current property owner (if purchasing)
- Ask your real estate agent to pull permit history as part of due diligence
- Check if any open permits or failed inspections are on record

Practical Tip: If you're purchasing a property, make CO verification part of your due diligence checklist — before closing, not after.

04 — What If Your Property Doesn't Have One?

If your property lacks a CO — or has an outdated one — you'll need to address it before listing. The process varies by jurisdiction but generally involves:

- Scheduling an inspection with the local building department
- Addressing any code violations or safety deficiencies identified
- Completing required repairs or upgrades (electrical, plumbing, egress, etc.)
- Passing a final inspection to receive the CO
- Paying applicable fees (varies by jurisdiction)

Practical Tip: Don't try to list without resolving CO issues. The cost of getting compliant is almost always less than the cost of a guest injury claim or enforcement action.

05 — Common Safety Issues That Affect CO Status

When inspectors evaluate a property for a CO, they look at a range of safety and code compliance factors. Common issues that can delay or prevent a CO include:

- Inadequate smoke and carbon monoxide detectors
- Non-compliant egress windows or blocked emergency exits
- Unpermitted additions or renovations
- Electrical panel or wiring issues
- Plumbing code violations
- Handrail or stair safety deficiencies

Practical Tip: Many of these issues are inexpensive to fix. A licensed contractor or home inspector can help you identify and address them before your official inspection.

Bottom Line

A Certificate of Occupancy is a basic but important layer of compliance for any STR operator. Verify your property has one before you list, address any issues proactively, and keep it on file with your other compliance documents. It's a small step that protects you in a big way.