Short-term Residential Rentals

1st Public Meeting
June 12, 2014
Agenda

- What is a short-term residential rental?
- Why are we here?
- What are the current lodging uses?
- Proposed Short-term residential rental process
  - Zoning text amendment
  - Certificate process
- Comments & Feedback
GROWING MARKET

- In 2012, 12% of American adults stayed in vacation rentals, spending $23 billion. *PhoCusWright, 2013*

- Over 52% of surveyed individuals plan to stay in a vacation rental in 2014, up from 44% in 2013. *TripAdvisor, 2014*

- Owners generate an average of $27,360 per year in rental income. *HomeAway, 2014*
Local Concerns

• Zoning
• Life & safety
• Fairness with taxing
• Quality of life
• City Code violations
A BALANCED & MANAGEABLE APPROACH

- Quality of Life
- Tourism Industry
- Preservation
- Visitor Experience
<table>
<thead>
<tr>
<th><strong>Enforcement</strong></th>
<th><strong>Number of Cases</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Complaints</td>
<td>18</td>
</tr>
<tr>
<td>Total Properties Found in Violation</td>
<td>73</td>
</tr>
<tr>
<td>Compliance</td>
<td>40</td>
</tr>
<tr>
<td>In Court</td>
<td>12</td>
</tr>
<tr>
<td>Pending Zoning Board of Appeals/Text Amendment</td>
<td>4</td>
</tr>
<tr>
<td>Pending Court Summons</td>
<td>17</td>
</tr>
</tbody>
</table>

*Since May 2013*
Existing Definitions

• Types of lodging for transient guests—those persons staying for more than 30 consecutive days

• Inns
  – Rental of individual bedrooms
  – Meals may be served to guests
  – Maximum of 15 bedrooms/suites

• Bed and Breakfast Guest Units
  – Rental of one bedroom within an owner occupied dwelling unit
  – Breakfast may be served to guests
Proposed Definition

Short-term Residential Rental

• Entire residential dwelling unit is rented for lodging
• Rental does not more than 30 consecutive days
• May or may not have an on-site manager
• Includes all housing types
• Does not include group living or other lodging uses
Process

- Location
- Parking
- Occupancy
- Short-term Residential Rental Certificate

Zoning Amendment

- Short-term Residential rental certificate
- Code compliance verification form
- Regulations
- Revenue

Proposed ordinance

A BALANCED & MANAGEABLE APPROACH
Proposed Zoning Districts

- Districts that are underlined are districts where inns are not presently permitted.
  - **Business & Industrial Districts (Use 9b)**
    - B-C; BC-1; B-G; B-H; B-B; R-B-C (by-right)
  - **Conservation & Residential Districts (Use 14)**
    - RIP; RIP-A; RIP-A-1; RIP-B; RIP-B-1; RIP-C; RIP-D; I-P; R-D (by-right)
  - **Victorian District (Use 6)**
    - 1-B; 2-B; 3-B (by-right)
    - 1-R; 2-R; 3-R (special use)
  - **Mid-City District**
    - TC-1; TC-2, TN-2 (matter-of-right)
  - **Other Districts**
    - PUD-MXU
Proposed Zoning Conditions

• No more than 2 adults per bedroom plus 2 adults for each rental unit
• No change in the outside appearance of the dwelling unit or premises, or other visible evidence of the conduct of short-term rental
• Parking:
  – Studio-up to 3 bedrooms: The requirement for the type of dwelling unit.
  – 4+ bedrooms: The requirement for the type of dwelling unit, plus 1 space for each 2 additional bedrooms
• Short-term Residential Rental Certificate
Short-term Residential Rental (STRR) Certificate

- Proposed ordinance outlines the following:
  - Must secure an annual business tax certificate
  - Submit certificate application
    - Owner’s name & proof of ownership
    - Address of unit
    - 24-hr contact information for rental agent
    - Location of parking
    - Use will not disrupt enjoyment of neighborhood
Application Process for Certificate

• Proposed ordinance outlines the following:
  – Owner’s Code Compliance Verification Form
    ▪ Primary Exit
    ▪ Emergency Escape and Rescue Openings
    ▪ Smoke Alarms
    ▪ Fire Extinguishers
  – Provide sample agreement between owner & occupant
    ▪ Abide by City ordinances, state and federal law
    ▪ Unlawful for noise to exceed limits set forth in the City’s noise ordinance
    ▪ Violations of agreement may result in termination of rental agreement

• Proof of ownership & insurance
• Publish STRR certificate number in marketing material
STRR Agent

- Proposed ordinance outlines the following:
  - Availability to handle problems
  - Appear on premises within 2 hours following notification from the City of issues related to occupancy of property
  - Monitor rental unit
  - When agent changes, City must be notified
  - 1 agent for property at any given time
STRR Unit

• Proposed ordinance outlines the following:
  – STRR Certificate must be posted
  – STRR Certificate includes:
    • Name, address, phone number of agent
    • Maximum occupancy of unit
    • Maximum number of vehicles
    • Business tax certificate number
  – Property maintained and inspected to ensure compliance with applicable codes
Proposed ordinance outlines the following:

- Owner notified when nuisance behavior of occupant and/or conduct of rental agent generates a citation
- When 3 code violations received on a property within a period of 12 months, the City may revoke the STRR certificate for 12 months
- When this occurs citations for code violations and other violation of the City Code heard by a STRR staff board
- Staff board issues written finding for each alleged infraction, specifically identifying each founded accusation
- Appeals heard by the City Manager
Proposed ordinance outlines the following:

- Requirement to:
  - Secure annual business tax certificate
  - Remit monthly hotel-motel & state sales taxes

-Fine system:
  - 1\textsuperscript{st} violation: $500.00
  - 2\textsuperscript{nd} violation within the preceding 12 months: $1,500.00
  - 3\textsuperscript{rd} violation within the preceding 12 months: $5,000.00
  - 4\textsuperscript{th} or more violations within the preceding 12 months: $7,500.00.
  - In addition to or in lieu of the foregoing, the City may seek injunctive relief.
# Current & Proposed Processes

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Frequency</th>
<th>Current</th>
<th>Proposed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriate zoning district</td>
<td>One-time</td>
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<td>Yes</td>
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<tr>
<td>Code Compliance Verification Form</td>
<td>One-time</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Protection of the Neighborhood Quality of Life</td>
<td>Ongoing</td>
<td>No</td>
<td>Yes</td>
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<tr>
<td>Business Tax Certificate</td>
<td>Annual</td>
<td>Yes</td>
<td>Yes</td>
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<tr>
<td>Hotel/Motel Tax</td>
<td>Monthly</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Short-term rental certificate</td>
<td>Annual</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Please note, if ownership changes, processes will need to be re-established.
Comments & Feedback