

Short-Term Rental **DRAFT Registration Regulations and** **Zoning Options**

July 5, 2022

Outline

- Current Short-Term Rental (STR) regulations
- Goals for addressing STRs
- Proposed registration/operating standards for legal STRs
- Zoning regulations in other cities
- Zoning options for addressing illegal STRs

What is a short-term rental (STR)?

Short-term rentals are residential properties available for rent for guest lodging for a period ranging from 1 to 29 days.

Current STR Regulations

Zoning

- Allowed in all mixed-use and most form-based districts, commercial and industrial districts with a Certificate of Occupancy from Development Services Department
- Not allowed in residential districts: A-#, AR, B, R1, R2, CR, C, D, UR
- See map on next page

Zoning Enforcement

- Code Compliance Department investigates on a complaint basis
- When violations are observed, warnings/citations are issued to property owners
- City cannot currently issue citations based on STR advertisements or online bookings alone
- Cases in FY2021: 71 cases requiring 278 inspections

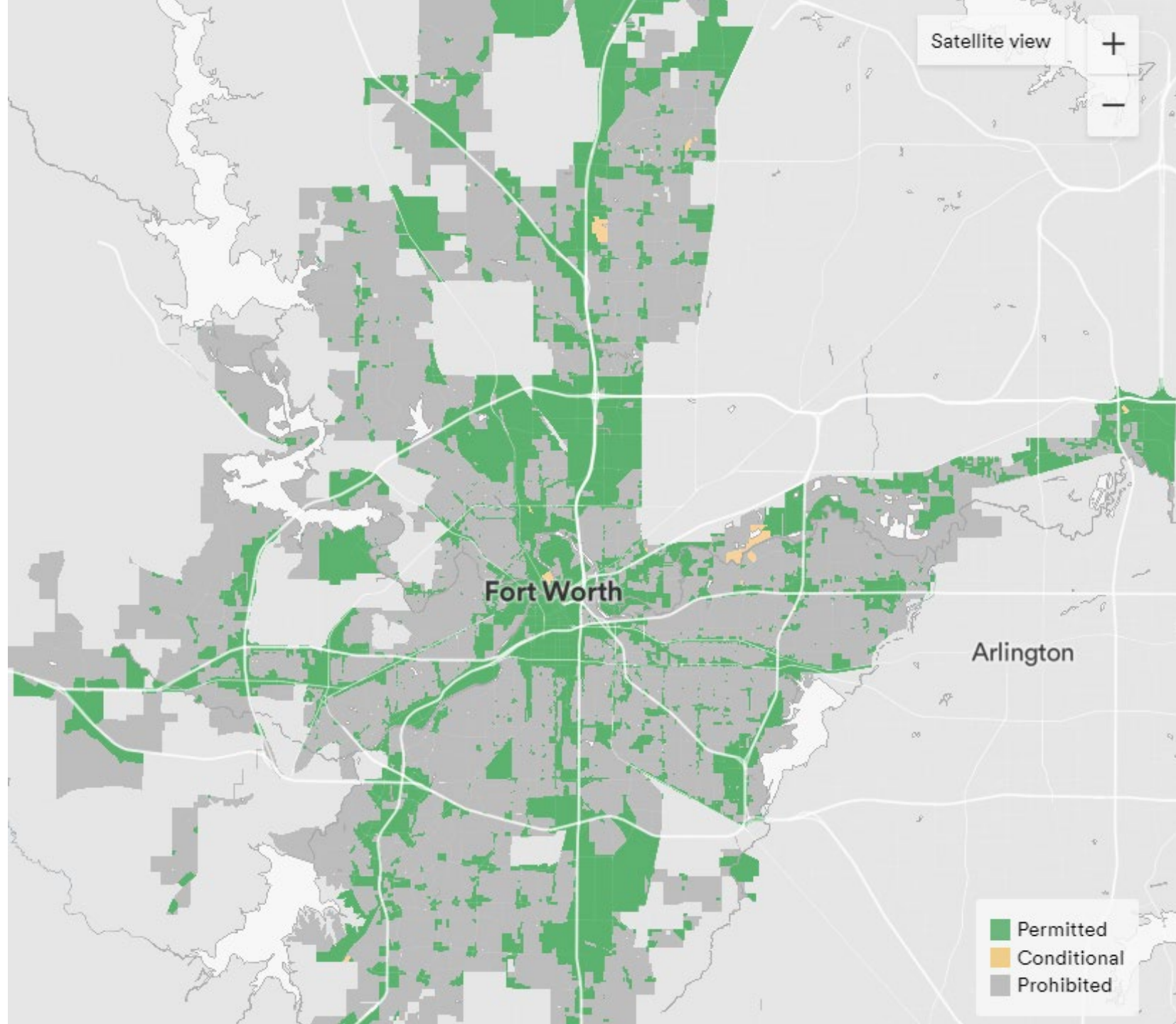
Zoning Districts

STRs are **allowed** in mixed-use, commercial, and industrial zoning districts

STRs are **not allowed** in residential districts

Click [here](#) for interactive Zoning Portal to learn where STRs are allowed

Click [here](#) for interactive zoning map with other map layers



Current STR Regulations (cont.)

Hotel Occupancy Tax (HOT)

- State and City ordinances require STRs to pay HOT
- State levies 6% and City levies 9% for Culture and Tourism Fund
- HOT revenues may only be used to promote tourism, convention, and hotel industries

HOT Collection Enforcement

- HOT is self-reported on City's HOT Online Reporting Tool ("Hotel App")
- STRs report on a **voluntary** basis and are not monitored by Finance Department

Goals for Addressing STRs

1. Preserve residential quality of neighborhoods and protect from commercial lodging encroachment
2. Ensure health and safety of guests and residents
3. Support tourism in a balanced way
4. Preserve residential housing supply
5. Collect Hotel Occupancy Tax (HOT) from legal STRs
6. Minimize impact on staff and recover costs for code enforcement

Policies from [National League of Cities](#) to Achieve Common Goals for STRs

- Require annual **permit/registration** and have process to **revoke** permits
- Require **host residency** in residential areas
(most complaints come from non-owner-occupied units)
- Restrict **density** of STRs (number or percentage) in a particular neighborhood or geographic area
- Dedicate resources to **enforcement**

DRAFT Registration/Operating Regulations for Legal STRs

- Require **registration** for all legal STR use through third-party platform:
 - Annual fee to cover City costs (platform and enforcement)
 - HOT collection (cannot be used for administration or enforcement)
 - Property owner registers/consents; registration non-transferrable
 - 24/7 local contact and liability insurance
 - Affidavit for safety protocols (smoke/CO2 detectors, fire sprinkler, etc)
 - One guest/group at a time
 - Limited to 3 people/bedroom, max of 9 people
 - On-site parking only with parking plan required
 - No events/parties; no outdoor gatherings or music after 10pm
 - Require Good Neighbor Guide (comply with noise, trash, parking ordinances)
 - Advertising for STR requires registration
 - Registration placed on probation or revoked based on violations

Additional Regulations for STRs

- Require **advertising platforms** (Airbnb, VRBO, etc.) to only allow advertising for STRs registered with the City
- Require **Certificate of Occupancy** when STR is not a primary residence (commercial lodging)
 - Apply Bed & Breakfast building and fire code requirements

Zoning Regulations in Other Cities

- Most cities **differentiate** primary residence STRs from investor-owned STRs and
- Require **zoning changes** or conditional use permits for investor-owned STRs to operate in single-family districts
- This is consistent with **National League of Cities guidance**:
 - ✓ *Require host residency in residential areas (most complaints come from non-owner-occupied units)*

Zoning Regulations in Other Cities (cont.)

City	Differentiate Primary Residence vs. Investor-Owned	Require Zoning Change or CUP for Investor-Owned in Single Family	Limit Density	Limit Geographic Scope
Arlington, TX				Yes
Austin, TX	Yes	Yes	Yes	
Dallas, TX*	Yes	Yes		
El Paso, TX	Neither allowed in residential districts	Yes		
Fredericksburg, TX	Yes	Yes		
San Antonio, TX	Yes		Yes	
Atlanta, GA	Yes	Yes		
Charlotte, NC**			Yes	
Columbus, OH	Yes			
Denver, CO	Yes	Yes		

* *Proposed ordinance change to differentiate*

** *Ordinance on hold due to North Carolina Supreme Court case*

AZ, FL, IN: Municipal authority preempted

Zoning Options for Addressing Illegal STRs in Residential Zoning

- City staff has identified **four** zoning options for City Council consideration, including retaining the current Zoning Ordinance regulations for STRs.
- **None** of the options would allow STR as the main use of residential property by right within residential zoning districts.
- Zoning changes and conditional use permits require **public hearings** and votes by Zoning Commission and City Council.

Option 1: Current Ordinance

- Continue to require **zoning change** for STRs in residential zoning to PD Planned Development, mixed-use, or commercial zoning

Zoning Options for Addressing Illegal STRs in Residential Zoning (cont.)

Option 2

- Treat **owner-occupied** STRs as **Bed and Breakfast Homes**
 - Require **conditional use permit** (CUP) with five-year time limit
 - Not allowed in single-family zoning; only allowed with CUP in two-family and multifamily zoning with 400-foot separation
- Treat **investor-owned** STRs similar to **Bed and Breakfast Inns**
 - Require **conditional use permit** (CUP) with five-year time limit
 - Not allowed in single-family zoning; only allowed with CUP in high-density multifamily
- Continue to require **zoning change** for all STRs in single-family zoning

Zoning Options for Addressing Illegal STRs in Residential Zoning (cont.)

Option 3

- Allow **owner-occupied** STRs by **conditional use permit** in **all** residential districts, up to **5-10%** of block or multifamily building
- Allow **investor-owned** STRs by **conditional use permit** in **multifamily** districts, up to **5-10%** of block or multifamily building
- Continue to require zoning change for all others

Option 4

- Allow **owner-occupied** STRs **by right** in certain neighborhoods or citywide
 - Up to **5-10%** of block or multifamily building
 - Fewer than 30 booking nights per year
- Require conditional use permit or zoning change for all others

**Questions?
Comments?**

