



Department Source: Finance

To: City Council

From: City Manager & Staff

Council Meeting Date: July 1, 2024

Re: Amending Chapter 13 Relating to Bed and Breakfast Establishments and Short-term Rentals of Residential Dwelling Units

Executive Summary

An ordinance has been prepared to amend Chapter 13 of the City Code relating to bed and breakfast establishments and short-term rentals of residential dwelling units.

Discussion

These amendments to Chapter 13 aim to introduce new regulations for businesses offering short-term rentals, focusing primarily on insurance requirements. Additionally, these amendments explicitly state that such businesses must obtain a business license - reinforcing the existing requirements in Section 13-20 - and reaffirm the mandate from Chapter 22, Article V, that short-term rentals must obtain a short-term rental certificate of compliance.

For context, the final step in the business license application process involves obtaining endorsements from relevant city departments. Staff from these departments evaluate proposed businesses against various city codes; fire safety, health regulations, permitted use guidelines, and building codes, for example. This step ensures a business is established in accordance with the City's regulations.

Section 13-20(b), as currently written, defines engaging in business as performing any of the following actions: selling goods or services, soliciting business, offering goods or services for hire, or using vehicles or premises for business purposes. This triggers the requirement outlined in Section 13-20(a) that individuals engaged in business, unless exempt, must obtain a business license.

Ordinance 025657, amending Chapter 22, article V, known as the Rental Unit Conservation Law, was approved on May 20, 2024. This ordinance established a process requiring short-term rentals to pass an inspection and obtain a short-term rental certificate of compliance prior to operating. Additionally, Ordinance 025562, approved on February 5, 2024, established use-specific standards for the operation of short-term rentals. These ordinances now allow short-term rental businesses to operate as a lawful use of property (subject to the Chapter 29 permitted use table and specific use standards) and create the conditions necessary for City Departments to provide endorsements for a business license to be issued, subject to the processes outlined in Chapter 13, Article II, which apply to all other non-exempt businesses in Columbia.

This bill proposes the creation of a new division within Article IX of Chapter 13. This article currently governs miscellaneous business regulations and includes divisions for motor vehicle



wrecker services and alarm systems and monitoring companies. The new division introduces definitions for "short-term rental" and "transient guest," and comprises three sections:

- Section 13-260.6 buttresses the requirements of Sec. 13-20 by explicitly prohibiting a short-term rental business from operating without obtaining a business license, and reiterates the requirement, implemented with Ordinance 025657, for these businesses to obtain a short-term rental certificate of compliance outlined in Chapter 22, Article V.
- Section 13-260.7 establishes insurance requirements for short-term rental businesses.
- Section 13-260.8 outlines penalties for violations of this proposed division.

Fiscal Impact

Short-Term Impact: Business license fee revenue is anticipated to be approximately \$30,000 per year, based on the assumptions of 300 short-term rental businesses and average annual gross receipts of \$300,000 or less.

Long-Term Impact: None

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Resilient Economy, Secondary Impact: Safe Community, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Land Use & Growth Management, Tertiary Impact: Livable & Sustainable Communities

Legislative History

Date	Action
02/05/2024	B2-24 Amending Chapter 29 of the City Code to establish use-specific standards governing the operation of short-term rentals. B2-24
05/20/2024	B99-24 Amending Chapter 29 of the City Code relating to the definitions and use-specific standards for short-term rentals. B99-24
05/20/2024	Amending Chapter 13 of the City Code to add a new Division 3 to establish business licensing regulations for short-term rentals; amending Chapter 26 relating to taxation of transient guests. B97-24

Suggested Council Action

Adopt the proposed ordinance amendments.