

# Questions and Feedback from Short-Term Rental Public Information Meetings

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*Monday, February 26th at 6:00 p.m.*

## **INFORMATION:**

-Definition of Short-Term Rental: A **short-term rental**, or **vacation rental**, is the **renting** out of a furnished home, apartment or condominium for a **short-term** stay. The owner of the property usually will **rent** out on a weekly basis, but some vacation **rentals** offer nightly rates.

-Community Development currently inspects approximate 28,000 units across 10,000 buildings.

-At this time, short-term rentals only fall into the residential codes in terms of occupancy and parking.

-So far, there have only been a few complaints to Neighborhood Services regarding short-term rentals, though more may go directly to the Police Department.

## **QUESTIONS AND ANSWERS:**

Q: Would any regulations apply to short-term rentals outside the City Limits?

A: No, it would apply in the City Limits only.

Q: What would happen if a short-term rental failed its inspection?

A: We are looking at structural things and things like smoke detectors and carbon monoxide detectors. We want to make sure basement rooms being rented have required egress because basement rooms without windows are not permitted to be rented as bedrooms. Like any other rental property, reasonable time would be given to address concerns.

Q: Is this just the 5% Lodging Tax or are you proposing other taxes?

A: At this time, we are not proposing any taxes above the lodging tax. AirBnB is now collecting State Sales Tax and if other taxes (City, County, State and Lodging) were added, the total tax rate would be 12.975%.

Q: What will you do with the lodging tax money you collect from short-term rentals? How will it benefit us?

A: The Convention and Visitors Bureau (CVB) markets Columbia as a destination to potential visitors of all kinds. This includes marketing efforts, sales efforts and

tourism development. When a property pays lodging tax, they benefit from the CVB's efforts in that its overall mission is to bring visitors to the area.

Q: Will you list short-term rentals on your website?

A: If short-term rental platforms collect the Columbia lodging tax, the CVB will ensure that Columbia short-term rentals on that platform are listed on the website for visitors to view.

Q: What will the report to City Council include?

A: Council will receive all feedback from these meetings, our online survey, research concerning short-term rentals, comparisons to other cities and recommendations if there is a prevailing opinion regarding the issue.

Q: Was this project driven by economics or safety?

A: Both. The CVB wants all visitors to Columbia to have a great experience and that includes a safe place to stay. Also, additional revenues collected if the lodging tax is implemented will continue to support efforts to bring more visitors to Columbia throughout the year.

Q: What about tent and campers?

A: There are already regulations in place regarding campers/RVs by residences. They can only be occupied for up to two weeks and then can only be stored at a residence. No current regulations on tents.

Q: Who is behind this action?

A: The CVB initially looked to changing the ordinance defining how many rooms make a property a hotel. Once this was proposed, it became apparent that other City departments needed to be involved in the short-term rental discussion.

Q: What happens when the University of Missouri rents out dorm rooms?

A: MU chose to voluntarily pay both City taxes and the Columbia lodging tax. They're also likely to discontinue the program as the student population grows.

Q: Do you offer continuing education to hotels and would you do that for short-term rentals?

A: Short-term rental operators would have access to any educational and training opportunities organized by the CVB.

## **OPEN FEEDBACK & COMMENTS:**

-Why are we here? What is this meeting for?

-This is just a reason for the city to tell people how to run their business, even if they are already complying with rental restrictions.

-This seems like it is a band-aid approach to a problem you are seeing.

-Would like to see varying regulations for different sized short-term rentals, such as those renting out a single room versus a full home.

-Would like to see the tax only enforced on city-wide or special event weekends.

-Concerns voiced regarding already crowded parking in historic and other busy neighborhoods. Concern was voiced in reference to the Benton-Stephens neighborhood in particular. Parking situation would be much worse if short-term rentals grew.

-The average daily rate (ADR) for February (\$114) was questioned. "I don't charge near that much, and I don't know anybody that does."

- "I think someone who is renting a whole house or apartment that they don't live in should pay taxes, and I don't think 5% is too much for them, but I don't think that's fair to those of us who are renting out one or two rooms in our own homes."

- "You keep talking about leveling the playing field, but small AirBnBs can't and don't want to compete with say The Broadway. These are just people trying to make a few extra dollars to keep their home."

- "I don't understand this idea of leveling the playing field. I don't think it's fair to make us do the same things hotels do. We are not hotels."

- "If I start paying taxes, can I get a TIF from the City to improve my home?" Note: Two of the 38 hotel properties in Columbia have TIFs on their hotels.

## ***Wednesday, February 28th at 3:00 p.m.***

### **INFORMATION:**

- As of March 1st, AirBnB.com renters will pay 5% lodging tax in St. Charles, MO.
- As of February 2nd, the State of Missouri is collecting state taxes on online short-term bookings.
- Clarification for Monthly Revenue from AirBnB statistic: Median of \$980 revenue for the month of February was for a full house booked and includes platform fees.
- There has been a large increase in available short-term properties and overall demand for short-term rentals locally over past two years.
- From Tim Teddy, Community Development: The department has not been directed to look at any land-use examples for zoning purposes, and the goal is to get to a point where short-term rental operators can have their questions answered.
- From Leigh Kottwitz, Neighborhood Services: The fact that we already regulate our traditional rental properties actual sets Columbia apart. Due to vacancy rates in the community, some already established rental properties are becoming short-term rentals, which means they've already been inspected. Would like to see something in the code that speaks to short-term rentals so that the department has a protocol.
- There is not currently a mechanism to track business lost from hotels to short-term rentals.
- Lodging Tax is now applied up through the 28th day of a rental. After that, it is no longer charged and is retroactively refunded.
- As this moves forward, ordinances will need to be examined to ensure that short-term rentals are not eliminated by changing regulations.

### **QUESTIONS AND ANSWERS:**

Q: Does the lodging tax apply to short-term rentals now?

A: It does not.

Q: What happens when the University of Missouri rents out dorm rooms?

A: MU chose to voluntarily pay both City taxes and the Columbia lodging tax. They're also likely to discontinue the program as the student population grows. If new

regulations do go into effect, they will not be subject to them as they are their own entity.

Q: Why were planning and zoning comparison cities chosen?

A: They are areas that currently have regulations in place for comparison.

Q: Have you looked at other SEC or college cities?

A: We can look at other cities. This is a popular phenomenon and so new that other cities are doing what we are doing and holding similar meetings at this time. As we move forward we hope to be able to gather more information.

Q: Who collects taxes when AirBnB is rented now?

A: At this time, AirBnB is the only platform that is collecting State taxes.

Q: You mentioned a hotel that lost 60 rooms to short-term rentals. How is that possible?

A: The group in questions lost 20 rooms over each of three nights and those groups stayed at various short-term rentals throughout the city.

Q: Do traditional B&Bs collect taxes now?

A: They collect State and City sales tax at this time.

Q: How would these taxes be collected?

A: The taxes would be collected by the online rental platform from the renter, not the operator or host. The online platform would have to enter an agreement with the City of Columbia to remit those taxes after their collection.

Q: Who is behind this action?

A: The CVB initially looked to changing the ordinance defining how many rooms make a property a hotel. Once this was proposed, it became apparent that other City departments needed to be involved in the short-term rental discussion.

Q: What will you do with the lodging tax money you collect from short-term rentals? How will it benefit us?

A: The Convention and Visitors Bureau (CVB) markets Columbia as a destination to potential visitors of all kinds. This includes marketing efforts, sales efforts and tourism development. When a property pays lodging tax, they benefit from the CVB's efforts in that its overall mission is to bring visitors to the area.

Q: If business moves from hotel to hotel, do the taxes change?

A: They do not.

Q: Do we know how many of the 268 active rentals in the month of February 2018 represent people who own multiple units? Are there people who own large numbers of units?

A: The online tracking system we use does not provide that information, but there are local property owners who run more than one short-term rental.

Q: What about listings on Craigslist?

A: At this time, we don't have a way to track Craigslist listings. And, like with any online platform, an agreement would have to be entered for the City to collect taxes.

Q: Would a short-term rental be exempt from occupancy restrictions?

A: It's very difficult to enforce even in a typical rental situation and it's made more challenging by short-term guests moving in and out. There's currently nothing saying you can't have a large number of guests in your home. At this time it's a complaint-based system, and there are peace disturbance laws. With peace disturbance, nuisance parties, parking, etc., there can be fines levied. If you're seeing these problems and not getting a response from the Police in a timely manner, let Neighborhood Services know so they can start tracking problems by property. You can also inspect neighborhood covenants, which are not enforced by the City but can result in private action. You can also connect with neighborhood leaders in your area.

Q: If a property receives a fine while functioning as a short-term rental, who is responsible?

A: There is process and it would vary as to who is responsible. Officials would look at the facts and look at who is appropriate to charge.

Q: Will there be regulations on AirBnB experiences?

A: That has not been discussed and right now experiences are only offered in larger, metropolitan destinations.

Q: Can we see occupancy and other hotel data?

A: Yes, we will post occupancy rates on the CVB Short-Term Rental section.

### **OPEN FEEDBACK & COMMENTS:**

- "An AirBnB house that is rented to 20 people in a single family home in a neighborhood designed for single family dwellings impacts the whole neighborhood in a negative way. There are no regulations now to prevent that. If we don't do something, we're setting ourselves up for more of that."

- Would like to see comparisons to cities that are more like Columbia.

- Business would come here because of MU; with or without the CVB.

-AirBnB does a great job in asking for safety information and recently rolled out new program with meetings for operators with accountability tools.

-People are booking with AirBnB for a different reason. They are looking for certain things and some bed and breakfasts offer what people are looking for. A diverse market is important.

-Current regulations allow single family homes to have three unrelated people living there. And then you have AirBnBs advertising single family homes that hold 20 people. Then suddenly you have a lot of teenage boys running round the neighborhood, tossing the football in the front yards, some yelling and cursing at property owners and these rentals are unregulated.

-With Short term rentals you could rent it out every weekend and suddenly you have a different group of college guys coming and going all year long. How do you regulate this? The rental agreement is for three people, but suddenly they have girlfriends or boyfriends that stay over and they invite all their friends and it is houseful of strangers in your neighborhood. Columbia is currently not regulated, we have no control by any department and no revenue. For AirBnB to continue we need regulations, people need to pay taxes and they need to be inspected. This is just a new rental category only being established because they can do it online. It's easy to do, not better to do, but easier.

-If I have a single family home that I rent on an annual basis to four people, that is putting more people in the community using services than an online rental rented to 5.8 people at a 38% occupancy rate.

-“When I relocated to Columbia several years ago, I planned my home purchase so that as I aged and was unable to drive, I could walk. What do I have to look forward to? Living next to strangers coming in and out of my neighboring house and problems with parking? Will I be safe? I don't want to live next to a bunch of strangers.”

-“I can't see why it's an issue for the lodging tax, which funds the CVB, to be collected.”

-Regarding the example of having a group of 60 rooms move from a hotel to an AirBnB, why does that make you want to charge lodging tax just because of that?

-If a hotel loses business to another hotel, the tax revenue from that business is not lost. However, if a hotel loses business to an AirBnB, that tax revenue is lost because it's not collected.

-“AirBnB's give visitors a different experience/view of the community than they can get from a hotel; that is beneficial to the city too.”

- “The state passed a law in August 2016 stating that lodging tax would be collected from five rooms or more. Why is this needed?”

- “The only one losing out on the money is the City. Those visitors who are staying here and using the facilities of the community aren’t paying out on City sales tax. It doesn’t diminish operator profits; travelers pay it to short-term rental platforms.”

-Let’s say I have a single family house 3 bedrooms/2 baths, I have a rental certificate and I’m renting to tenants now. If they move out, is there any reason why I can’t rent it short term until filled permanently? I would be bound by same regulations. So either way it is a question of a complaint based system.

-You have to have rules for AirBnBs. I’m talking about one that has been operating (in my neighborhood) for over a year but the City can’t enforce them to follow the regulations. As a private citizen I’m asking for the laws of the city to be enforced but the City doesn’t have the manpower to do it. I have to hire an attorney and it costs me several thousand dollars. I can afford it and fight, most people can’t, so people already at a disadvantage certainly can’t.

-“You need to put regulations on rentals of this type-inspections, taxes, ordinances, etc. We don’t allow people to cook food in their own kitchens and take that food and sell it on the street; it’s a health code violation. This is no different. If someone is currently collecting payment in exchange for providing a service, such as an overnight stay, shouldn’t they also be obligated to collect taxes as part of the payment?”

-There will be something coming down from the State of Missouri saying you have to do specific things as a short-term rental host. Columbia will have to follow those statutes and then tailor their own ordinances. This is an issue that isn’t going away and the state will provide some direction for if people want to operate in the state. A City can require more than what the State passes if they choose.

-Police do not respond to calls of noise, parties, etc.

-In homes in neighborhoods with single family homes with over 20 people staying, how can you regulate? What happens if the short-term rental gets renewed over and over? This is setting up unregulated rentals with no caps or regulations or contributions to the City. There need to be regulations that categorize how long you can do it.

-You may have people staying in short-term rentals who are a nuisance, but the same can happen when a person purchases a home in your neighborhood. We own rental properties on one street. We have a college kid across the street that bought the home in foreclosure, so he is the homeowner and is improving the property, but he is in a

band and is now having band practice in his garage. He is a problem to the neighbors, so you can't say problems in neighborhoods are just because of AirBnB.

-As an operator, I want to make the point that not all operators are irresponsible. Rentals are primarily on weekends and neighbors don't even really know. I want on record where there are quiet situations and compliant hosts. They want to be that way and most hosts would say that because they don't want bad reviews.

-There are many excellent operators, but we need to plan for those who aren't.

-I manage rental properties, and basically doing what the University did with their empty dorms. I use AirBnB purely to fill vacancy. If it picks up, I might not do AirBnB anymore. It's in apartments not a home in a neighborhood. I have three of them and I am aware of what is going on at these properties.

-“AirBnB, VRBO, etc. have been around for years. Hotels are operating in that market and currently new hotels are being built in Columbia. How is it that AirBnB has hurt hotels?”