

**AGENDA REPORT
PLANNING AND ZONING COMMISSION MEETING
December 20, 2018**

SUMMARY

A request by the City of Columbia to amend Chapter 29, Sections 29-1.11 [Definitions] and 29-3.3 [Use-Specific Standards] of the City Code relating to the revision of the definitions for “hotel” and “bed and breakfast”, creation of a definitions for “short-term rental” and “transient guest”, and creation of new use-specific standards governing the establishment and operation of a short-term rental inside the City’s corporate limits. **(Case # 31-2019)**

DISCUSSION

The City is proposing amendments to Section 29-1.11 and 29-3.3 of the Unified Development Code (UDC) to establish and regulate short-term rentals (STRs) in the City of Columbia. The proposed revisions were precipitated initially by public input and comments arising from discussion regarding the potential application of the 5% hotel tax on STRs. Following four public meetings in the spring of 2018, the City Council, at their May 7, 2018 meeting, directed staff to further engage public feedback on potential zoning-related regulations.

After reviewing the previous public input and researching regulations in other communities statewide and nationally, staff produced an initial draft (dated November 12, 2018) for public feedback. Two public meetings were held on November 20 & 29 to solicit public input on the first draft. Additional written comments have been received from a variety of individuals and organizations following these meetings. In response to public comments received, substantial revisions have been made to the November 12 draft document.

A new draft document dated December 13, 2018 has been produced and has attempted, where possible, to address expressed public input. Additional public input prior to a formal vote and recommendation by the Planning and Zoning Commission and the City Council is anticipated. The public input received to date is described below and is reflected in the attached updated draft regulations. Summary minutes and written comments are also attached for reference.

Staff has received strong, often opposing, comments from homeowners in single family neighborhoods negatively affected by an STR and operators of STRs. There are more than 300 STRs operating in the City at this time. These STRs vary in their type (hosted/non-hosted), location, and size and form. Public comments expressed different concerns and opportunities due to the variety of operations.

Concerns were also expressed regarding the City’s present enforcement capacity and challenges that would be encountered by creation of additional regulatory enforcement provisions. Some members of the Grasslands Neighborhood have been especially vocal in concern about changes to their neighborhood and allowing STRs in the R-1 zone. Comments from other neighborhoods have also been received desiring to completely ban STRs in the City altogether, or specifically to prohibit them within the R-1 zoning classification. Concerns regarding transient, unknown persons and the potential for crime and safety have been vocalized.

Others have expressed the benefits of STRs, including personal economics, public taxes, property-maintenance improvements, and visitor experiences. Some have cited flexibility in offering different

types of accommodations to guests, and flexibility when traditional rentals are unfilled. Some operators have noted the impact of guest ratings on property upkeep, and income to maintain properties. Others noted the impact of a “bad” traditional renter was worse than a short-term guest. Operators of STRs, especially those operating at a small scale, are concerned about over-regulation or prohibition. There is variation in the support of the sharing economy vs. the expectation of change vs. stability in established neighborhoods. Staff has noted the challenge of regulating behavior through the zoning code, and the presence of owners in hosted dwellings has been seen as a natural tool for internal regulation of guests and offering better communication to neighbors should issues occur.

Although comments were mixed, most comments from the public seem to support some form of health and safety inspection via the existing Rental Conservation Law and taxation of STRs equal to hotels (5%) has been generally supported. Comments have also identified technical or administrative elements of the proposed regulations where the initial draft was confusing or needed refinement.

Staff has identified and expressed several opportunities that may assist in managing the impacts of a property owner choosing to utilize their property as an STR. These tools and processes include covenants (which the City does not enforce) and overlays (which the City does enforce), available to neighborhoods desiring additional restrictions. Staff also notes the need for a defined transition time for operators to come into compliance should regulations be adopted.

The most recent draft has been revised to address these comments in the following way:

- The proposed regulations have been simplified from three (3) types of STRs to two (2) types of STRs. The two (2) STR types are either “owner hosted” or “non-owner hosted”. Authorization to operate a STR would be via an administrative or conditional use permit approval process. The revised regulations have attempted to address the variability in STR operations based on how they are hosted as well as their zoning district location. The present version has become more restrictive in the R-1 zone in terms of administrative vs. conditional approval to reflect public input.
- Owner-hosting has been more explicitly defined to be a principle dwelling where the owner is there generally 90% of the time annually (330 days).
- Provision for overlapping short and longer-term rental registration have been included.
- Revisions to the definition of a hotel and bed and breakfasts have been proposed.
- Occupancy restrictions are better defined and are more restrictive, but minors are not counted in maximum guest counts.
- Signage has been addressed.
- Regulation of parties has been revised.
- Administrative functions, including mapping and maintaining an STR database and abutting property notice procedures, have been better defined.
- Applicability of regulations for Accessory Dwelling Units (ADUs), duplexes and multiple units on a single lot have been addressed.

RECOMMENDATION

Hold a public listening session to solicit additional feedback on proposed revisions to Sections 29-1.11 [Definitions] and 29-3.3 [Use-Specific Standards] of the Unified Development Code.

ATTACHMENTS

- Proposed text amendment (dated 12-13-18)
- Public Correspondence (as of 12-14-18)
- Summary minutes from 11/20 and 11/29 public input meetings