



Department Source: Convention and Visitors Bureau

To: City Council

From: City Manager & Staff

Council Meeting Date: May 7, 2018

Re: Short-Term Rental Public Information Meetings

Executive Summary

This report is follow-up to the November 20, 2017 City Council report regarding changing the definition of a hotel and motel in Chapter 26, Article IV of the Code of Ordinances. Currently, the lodging tax only applies to hotels, motels, or tourist courts with twelve or more bedrooms and does not address short-term home or vacation rentals and bed & breakfast establishments. Council requested more information from the Convention & Visitors Bureau (CVB) before making a decision because of the potential impact to other city departments. This report addresses public information meetings held regarding short-term rentals, including public comments, and provides recommendations for City Council consideration.

Discussion

Because of the increase in alternative lodging opportunities and of the benefits the CVB provides to bring visitors to our community, the CVB sent a report to council on this issue on November 20, 2017. Subsequently, the CVB, in partnership with the Community Development Department, conducted a series of four public meetings and solicited public comment on taxation and other issues related to short-term or home rentals and other alternative short-term lodging establishments. The public meetings had two distinct audiences, owners/operators of short-term rentals and neighborhoods where short-term rentals are located. Questions from the community also had two distinct paths – taxation and zoning/inspections. Comments and presentations from the meetings are attached.

There has been an increase in the short-term rental market. In March 2017 there were 545 listing nights booked at 64 properties on Air BnB, just one of the on-line platforms. A search of Air BnB in March 2018 showed 1464 listing nights booked at 133 properties. However, short-term rentals are not a defined term in the City's regulatory ordinances. Chapter 22, Article V (Rental Conservation Law) requires a certificate of compliance for the operation "of any apartment house, rooming house, two-family dwelling, or single rental unit." It is the leasing or subleasing of residential property that defines rental; no distinction is made between short-term and traditional rental.

The Community Development Department has requested that operators of short-term rentals register their properties as rentals if they have not done so already. A number of vacant rental properties that are already in compliance with the Rental Conservation Law have been converted to short-term use. Currently the staff does not track the numbers of short-term rentals that have a certificate of compliance; this will be done in conjunction with the new EnerGov software launch that is planned in the last quarter of fiscal year 2018.



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Chapter 29, the Unified Development Code, also does not recognize short-term rentals as a distinctive use of residential property. Some cities have begun to distinguish short-term rental from traditional residential occupancy. Staff reviewed and presented summaries of selected ordinances from other cities where short-term rentals are subject to some degree of local regulations. Zoning-related considerations in the sampled ordinances include restriction by zone, owner-occupancy/hosting requirements, spacing between units or restricted numbers per area, occupancy limits on numbers of persons (per zone, number of bedrooms, square footage, etc.), parking requirements, conduct standards (e.g. trash, noise), and site plan requirements (generally addressing entrance locations, signage and assigned parking).

Public input on the prospect of land use regulation was mixed. Some participants described short-term rentals as detrimental to their enjoyment or expectation of use in single family neighborhoods while others expressed strong support for short-term rentals as a neighborhood-based business opportunity. Safety concerns regarding transient/unknown persons and over-occupancy issues (parking, noise, trash, vandalism, etc.) were voiced throughout the public input process. However, other members of the public voiced concerns against zoning-related restrictions or advocated for different considerations for owner-hosted and smaller-scale operations.

Public input on taxation was also mixed. While some participants felt taxation should be paid as it is part of conducting business, others felt there should be a tiered taxation based upon number of rooms rented. Others felt there should be a fee structure based on type of rental unit. Some smaller property owners voiced a concern that taxation may hinder their ability to stay competitive with like rentals.

Fiscal Impact

Short-Term Impact: N/A
Long-Term Impact: N/A

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Economy, Secondary Impact: Public Safety, Tertiary Impact: Tertiary

Comprehensive Plan Impacts:

Primary Impact: Economic Development, Secondary Impact: Livable & Sustainable Communities, Tertiary Impact: Tertiary

Legislative History

Date	Action
November 20, 2017	Council Report regarding changing the definition of a hotel and motel in Chapter 26 of the Code of Ordinances.



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Suggested Council Action

Direct staff to prepare an ordinance to change Chapter 26 defining a hotel/motel, by lowering the number of bedrooms, and to include short-term rentals, and bed & breakfasts, and to solicit additional public feedback on rental conservation and zoning-related issues to define this use, where it will be permitted, and any additional standards or considerations related to health and safety concerns. A registry, permit process or business licensure may also be explored if directed by Council.