



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: March 17, 2025

Re: Short-term Rental Regulations – Report (Case # 143-2025)

Executive Summary

This report provides an assessment of regulatory progress since adopting regulations in February, May, and July 2024 relating to the use of residential dwellings and other structures within the city's corporate limits as short-term rentals (STRs). This report contains three general topic areas - compliance, administration, and potential regulatory modifications intended to facilitate enhanced compliance and administrative efficiency.

Discussion

BACKGROUND –

On February 5, 2024, Ordinance 025562 was adopted establishing Chapter 29 (Unified Development Code) regulations governing the use of a dwelling or structure as a short-term rental (STR) also known as an AirBnB or VRBO. The “effective date” of this ordinance was June 1, 2024, with a “full compliance” date of June 1, 2025.

On May 20, 2024, Ordinance 025658 was adopted amending Ordinance 025562. The new ordinance included provisions allowing long-term residents the option to seek a conditional use permit (CUP) such that they could use their dwellings for STR purposes for up to 210-nights annually. The amendment was precipitated by a Council-approved modification to Ordinance 025562 that increased the number of nights dwellings not occupied by a long-term resident could use their dwellings for STR purposes. Ordinance 025562 originally contained a maximum of 120-nights of STR usage for both classes of occupancy. The provisions of Ordinance 025658 created parity between dwellings occupied by both “long-term” and “non-long-term” residents.

Additionally, on May 20, 2024, Ordinance 025657 was adopted amending Chapter 22, Article 5 of the City Code pertaining to Rental Unit Conservation Laws. These revisions added short-term rentals into the existing regulatory structure which was formerly only applicable to dwellings used as long-term rentals. Inclusion of the new regulatory provisions ensured that all requirements for licensure of rental properties were within a single chapter of the municipal code. Generally speaking, the regulatory standards pertaining to “short-term” and “long-term” rentals are the same; however, there are additional licensure requirements prescribed by Chapter 29 that are verified prior to issuance of an STR Certificate of Compliance.

It is worth noting that “dual” licensure is permitted by the adopted regulations such that a dwelling may function as both a “short-term” and a “long-term” rental. This licensure status



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allows an owner an opportunity to maximize the use of a dwelling for income purposes throughout the year while respecting the underlying intent of the Chapter 29 regulations which was to limit commercial usage of dwellings within established residential neighborhoods.

A “long-term” rental is a dwelling that is contracted for use by the **same individual** for periods greater than **31 consecutive days**. Long-term rental properties are typically leased on a 12-month contract and are not subject to payment of accommodation taxes and represent a significant percentage of Columbia’s housing stock. Since adoption of the STR regulations, it has been disclosed by many applicants seeking STR licensure that they offer their dwelling as a “mid-term” rental. “Mid-term” leases are similar to “long-term” leases; however, are less than 12 months in duration and are sought by individuals needing short-term housing, but longer than a typical weekend stay commonly seen with an STR.

Finally, on July 15, 2025, Ordinances 025710 and 025711 were adopted amending Chapter 13 (Business License) and Chapter 26 (Taxation), respectively. These amendments were presented and approved recognizing that the use of a dwelling or structure as a STR was considered a “lodging establishment” and to ensure that accommodation tax parity was established between hotels and property owners offering their dwelling or structure as an accommodation location.

REGULATORY COMPLIANCE –

Based on short-term rental reporting provided to the City by companies that specialize in tracking and monitoring STRs with communities as well as the City’s access to AirDNA data, the Columbia subregion within Missouri contains approximately 475 STR rental properties. It should be noted that AirDNA data is based upon the AirBnB and VRBO listing platforms and those provided to staff by companies that specialize in monitoring STRs are reviewing data from 100+ platforms.

It should be further recognized that some data may be duplicated and/or contain listings that are not actually within the corporate limits of the city. Greater granular analysis of listing data and metrics will become available once a partnership with a vendor is established. Additionally, listing data fluctuate based on season and/or local activities/attractions. The approximate 475 STRs locally were identified within the 3rd week of February 2025.

To date, the City has processed 38 applications. The table below summarizes the distribution of licensure requests.

<u>Licensure Type by Dwelling Occupancy</u>	<u>Total Applications</u>
120-night “long-term resident” (Administrative)	8
210-night “long-term resident” (Conditional use permit)	2
210-night “non-long-term resident” (Conditional use permit)	28



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Of the 38 applications, 2 requests were withdrawn, 8 were processed administratively, 11 have received CUPs, and 17 are pending CUP evaluation. The bulk of the pending applications were received within the last 30 days. 3 CUP requests were considered at the March 6 Planning Commission meeting with 5 and 9, respectively, scheduled for consideration on the March 20 and April 10 Commission agendas. It should be noted that prior to March 6, an average Commission agenda contained 2 applications for STR CUP consideration.

Of the 30 CUP applications received, 17 were submitted on behalf of an individual, couple, or Trust. The remaining 13 requests were submitted on behalf of an LLC. Further evaluation of these applications finds that 20 were from local Columbia residents with the remaining 10 being submitted by property owners outside the corporate limits. These statistics illustrate that the majority of the licensees and operators are from Columbia rather than out of town investors which was a significant concern expressed during regulatory development.

Other observations from the 30 CUP applications show that all but 2 have requested the maximum 210-nights of annual rental while the majority have not operated at that level of usage within the prior 12 months. Furthermore, no applications have been submitted for a "Tier 1" (30 night) CUP. Additionally, out of the total 38 applications, only one (1) administratively approved STR has been for 365-nights given its location within M-N zoning district. Finally, the majority of all applications **(23)** received have been for dwellings located in the R-1 district followed **(8)** and **(6)** in the R-2 and R-MF districts, respectively.

ADMINISTRATION -

Administration of the STR regulations is spread across three business units - Community Development, Housing and Neighborhood Services, and Business License. Coordination of the application processes and data has been significantly challenging. Creation of an online application using the City's EPL software is nearing completion; however, given the unique needs of each business unit involved, it is uncertain if this new application will effectively reduce the amount of time it takes to completely process an application from intake to Business License/STR Certificate of Compliance issuance.

The number of applications received is not reflective of the amount of staff resources that have been expended in responding to operator inquiries on a weekly basis since June 1, 2024. On average no fewer than 2 calls weekly have been received with some weeks since the beginning of 2025 containing as many as 4-5 calls. On average engaging with an operator seeking guidance can range between 30-60 minutes. Longer discussions are often preceded by an expression of critical questioning of the ordinance's origins, challenges with respect to its enforcement, and frustration that such a complex process was implemented. To ensure that a consistent response is provided to operators, a single point of contact within the Community Development Department responds to all inquiries whether by phone or email. This single member is also assigned to other responsibilities with respect to departmental operations.



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While several repetitive themes are common across all inquiries, a significant amount of time is required to ensure that operators/applicants are fully apprised of what is required for a complete STR application. To aid in the intake process, a form-fillable PDF application, with detailed instructions, and form-fillable supplemental forms were prepared; however, the review of submitted applications requires approximately 30 minutes to verify its contents. This review often results in a series of follow-up communications via email to ensure a "complete" submission has been made.

"Complete" applications are processed depending on their STR Tier status. An administrative application (those submitted by long-term residents seeking 120-nights of STR usage) are the most straight-forward and typically require the least amount of staff time for processing and licensure. A significant component of licensure process is dependent on the applicant's responsiveness to specific business unit requirements once initial contact has been made. Upon implementation of the online EPL application process, greater ease and efficiency in processing applications should be enabled; however, it is unknown if quality of application submissions will increase.

On the opposite end of the STR application spectrum are those submissions requiring a conditional use permit (CUP). Such applications involve a much rigorous review that includes:

1. Two public notifications (early & public hearing)
2. Responding to public inquiries (in-person, phone and/or email)
3. Preparation of a Planning Commission report and attendance at a public hearing
4. Preparation of a Council report
5. Preparation of legislation to enact the CUP
6. Action by Council at a public hearing
7. Application follow-up and distribution to other business units for final licensure

The estimated expenditure of staff, Commission, and Council effort to complete these seven independent steps is approximately 10-12 hours per application. It should be noted, that the majority of the approved CUP applications have not generated significant public comment and have resulted in all applications being placed on the Council's consent agenda.

These outcomes may indicate that community sentiment toward this type of activity is shifting and that alternative methods of review and processing may be possible such that better use of staff, Commission, and Council resources are realized. If the current pattern of applications is to continue, this allocation of resources will affect the ability of the staff, the Commission, and the Council in addressing other matters of equal or greater importance.

POTENTIAL REGULATORY MODIFICATIONS -

The lack of submitted applications may be attributed to the complexity of the ordinance's multiple Tiers, differentiation of ownership status', and other regulatory limitations. Prior to adoption, significant public comment was received from those opposed to and in favor of



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allowing STRs to operate as a land use with the city. The structure of the ordinance and its limitations were devised such that potential community impacts could be minimized and mitigated. However; as illustrated above, over the course of the prior year compliance with the licensure requirements has been less than anticipated. Additionally, anticipated public opposition to CUP applications for which a public hearing is required have been minimal.

Given these observations, it would appear that adjustments to the regulations may be necessary such that greater efficiency in staff, Commission, and Council efforts relating to land use policies and planning can be realized and higher levels of compliance with respect to STR operations can be achieved. Increased compliance would result in greater accommodation tax collection as well as ensure that all dwellings and structures used as guest accommodations meet consistent life/safety standards. Finally, enhanced compliance will assist in facilitating contemplated enforcement strategies through the use of vendor specializing in STR identification and monitoring as well as allow staff to better meet the expectations of Columbia residents negatively impacted by STR operation within their neighborhoods.

Based upon observations and administrative challenges experienced up to this point, possible revisions to the current regulatory structure that may be beneficial could include:

1. Eliminate the "Tier 1" designation.

To date, this tier has not generated a single application.

2. Revise ordinance structure to establish two Tiers of STRs with a single rental night limitation per Tier.

The current regulations have three STR Tiers and four levels of nightly limitations. Tier 1 has a maximum of 30-nights, Tier 2 has a maximum of either 120 or 210-nights based on occupancy of the dwelling, and Tier 3 has no maximum limitation. Based on applications received, 80% have sought the maximum 210-nights available based on their zoning. And, while 7 of the 8 Tier 2 STRs are limited to 120-nights of rental, this was an operator choice given the applicants were using their primary dwelling and chose to not seek a conditional use permit.

Consolidation of the current multiple levels of nightly usage restrictions would assist in simplifying the ordinance and reduce the amount of contact time needed to explain the regulations to applicants. Furthermore, the level of regulatory review to assure that a dwelling meets the code standards to be used as a STR is the same regardless of number of nights offered.

If desired, a new Tier 1 would be created by consolidating existing Tiers 1 and 2 and establishing a maximum of 210-nights of annually rental as the maximum within the Tier. Such consolidation would require consideration of how to license a dwelling that is the applicant's "long-term residence" which presently requires a CUP be sought.



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Additionally, a new Tier 2 would be created from what is presently identified as Tier 3. There would be no changes necessary within the existing Tier given it already permits unlimited usage of a dwelling subject to its location within non-residential zoning classifications.

3. Reconsider when a conditional use permit (CUP) is required.

The CUP process creates barriers to efficient licensure without tangible benefits. Approximately 80% of the 38 applications received are seeking 210-nights of STR use irrespective of ownership tenure. All dwellings used as a STR, regardless of nightly limitations, are subject to the same regulatory compliance standards.

Elimination of the requirement that a CUP must be obtained for any operator seeking greater than 120-nights could enhance licensure compliance and increase staff, Commission, and Council efficiency. If this option is desired, it is recommended that a CUP **remain a requirement** of the licensure process when **any** of the following conditions are identified within an application seeking STR licensure for greater than 120-nights:

- a. Open code violations or documented STR operational complaints; or
- b. 3 or more **licensed** STRs are within a 300-ft radius; or
- c. An STR is proposed within a 1000-ft radius of a school

CONCLUSION -

After 9 months of regulatory administration, a total of 38 applications out of a pool of approximately 475 dwellings have sought to be licensed as short-term rentals. The majority of licensure requests (30) have required a conditional use permit (CUP) and have sought permission to be operated for a maximum of 210-nights annually. Of the 38 applications, only 7 have been approved to be used for 120-nights or less. Of the applications received, 23 are located within the R-1 zoning district with 28 being owned by a local resident.

Approximately 10-12 hours per application of collective staff, Planning Commission, and Council time is expended in the administration of the regulatory requirements. To date, the 11 CUP hearings have resulted in limited public input and only 1 application denial, which was subsequently withdrawn. With the exception of the 1 denial, all applications have been recommended for approval and placed on the Council's consent agenda. A total of 17 pending requests, collected in the past 30 days, will be considered by the Planning Commission and Council on their upcoming agendas. If the present volume of applications is to continue, time allocated to other land use and planning-related activities by staff, the Planning Commission, and the Council will be impacted.

Given "full enforcement" of the regulatory standards is set to begin on June 1, 2025, it is likely that the allocation of resources and ability to address other matters will be impacted. To



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reduce this impact and to create a more efficient regulatory process with respect to this land use, modifications to the standards may be necessary.

Fiscal Impact

Short-Term Impact: N/A. This is a report for information purposes. No fiscal analysis has been performed.

Long-Term Impact: N/A. This is a report for information purposes. No fiscal analysis has been performed.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Organizational Excellence, Secondary Impact: Resilient Economy, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

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

Legislative History

Date	Action
07/15/2024	Amended Chapter 26 (Taxation) relating to taxation of bed & breakfast and short-term rentals. (Ord. 025711)
07/15/2024	Amended Chapter 13 (Business License) relating to licensing standards for short-term rentals. (Ord. 025710)
5/20/2024	Amended Chapter 29 (Unified Development Code) permitting a dwelling occupied by a "long-term resident" to request a conditional use permit for 210-nights of short-term rental operation. (Ord. 025658)
5/20/2024	Amended Chapter 22, Art. 5 (Rental Unit Conservation Law) relating to licensure standards for short-term rentals. (Ord. 025657)
2/5/2024	Amended Chapter 29 (Unified Development Code) establishing use-specific standards relating to short-term rentals. (Ord. 025562)

Suggested Council Action

Report has been prepared for informational purposes.