



Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: January 16, 2024

Re: UDC Text Change – Short-term Rental Regulations (Case #45-2023)

Executive Summary

Approval of this request would amend several sections of the Chapter 29 (Unified Development Code (UDC)) and establish standards relating to the lawful use of a residential dwelling unit as a short-term rental (STRs). The Chapter 29 amendments propose 3-tiers of STRs that are differentiated by the maximum allowable rental nights per calendar year (30, 120, or greater than 120), additional parking requirements, and permissible zoning district locations in which they may be operated as either an accessory, conditional accessory, conditional, or permitted land use.

In addition to the tier structure, the Chapter 29 amendments contain registration and licensure requirements (rental and business), limit STR licenses to one (1) per property owner or authorized tenant, require payment of lodging taxes, restrict certificate of compliance transfer, limit occupancy of dwellings used as an STR to a maximum of 8 transient guests, prohibit dwelling usage for special events, and include provisions relating to certificate of compliance posting, safety, rental platform identification, ADUs (accessory dwelling units) as STRs, signage, accessibility, and licensure revocation. Additionally, the regulations propose supplemental conditional use standards that the Commission and Council are to consider when granting a conditional use permit (CUP) to allow a dwelling to be used as an STR.

To fully implement the proposed Chapter 29 amendments, revisions to Chapter 13 (Business License), Chapter 22, Article V (Rental Conservation), and Chapter 26 (Taxation) will be required. Revisions to these chapters will be presented for Council consideration under separate cover following adoption of the Chapter 29 amendments. Given this delay, the effective date of the Chapter 29 amendments is recommended to be on June 1, 2024. Such a delay will allow for the additional Code chapters and administrative processes to be fully developed by staff.

Such a delay, when combined with the Chapter 29 365-day compliance period, would permit an existing STR operator a total of 481-days (assuming a February 5, 2024 adoption) to become compliant with the proposed regulations or cease operations.

The proposed regulations represent approximately two years of effort by the Planning and Zoning Commission on this topic and is the second attempt at implementing such provisions. A substantially different amendment to Chapter 29 was introduced in November 2019 and withdrawn from Council consideration in December 2020.



Discussion

The City of Columbia has been in the process of developing land use regulations to govern short-term rentals (STRs) since 2018. In November 2019, Council was provided regulations that were withdrawn from consideration in December 2020 after several public hearings, 15 Council-initiated amendments, and a remand to the Planning and Zoning Commission. When removed from Council consideration, the Planning and Zoning Commission was requested to prepare a simplified ordinance that considered the impacts of STR usage upon the city's affordable housing stock.

The attached Chapter 29 (Unified Development Code - UDC) amendments propose a fully revised regulatory framework that would permit a private residential dwelling to be offered as a lodging accommodation to a guest or group of guests for periods less than 31 consecutive days. Dwellings made available for STR purposes are commonly listed on web-based rental platforms such as Airbnb or VRBO; however, can be found on other sites such as Expedia, FlipKey, HomeAway, VacationRentals.com, Dwellable, Craigslist, and more than 125+ other platforms.

As of November 16, 2023, based on AirDNA data, the City of Columbia had an estimated 463 STRs available for rental. AirDNA records do not track all STR listing platforms, but rather focus on those residential dwellings listed on the Airbnb platform. The number of STRs listed at any one time varies seasonally; however, based on AirDNA data between October 2020-October 2022 there has been an increase in STR listing activity in Columbia. Listed dwellings in 2020 were 281 and in 2022 there were 374.

A detailed analysis of the Chapter 29 amendments is presented within the attached December 7, 2023 Planning and Zoning Commission Staff Report. This report is intended to serve as a summary of the Planning Commission's actions taken following the required public hearing held on December 7, 2023. Additional revisions to Chapters 13, 22, and 26 of the City Code will be submitted under separate cover to address matter relating to business licensing, rental licensing/inspections, and taxation, respectively.

The key elements of the Chapter 29 amendments are that they establish a registration, inspection, and licensure process that would require payment of lodging taxes, categorize STRs into 3-tiers, establish calendar year rental night limitations (30, 120, or greater than 120) based on tier designation, limit STR licenses to one per owner/authorized tenant, establish occupancy limits (maximum of 8 guests), require additional parking (Tier 2 & 3), prohibit licensure transfer, and provide for a 365-day compliance period following the effective date of the amendment's adoption.

It is important to note that the Chapter 29 amendments **DO NOT** apply to any residence that is offered to the same guest for a period of greater than 31 consecutive days. Such a rental is considered a **long-term rental** and would subject to the rental licensure provisions of Chapter 22, Article V of the City Code, the City's Rental Conservation Law. Furthermore, the



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proposed Chapter 29 regulations **DO NOT** prohibit a property owner from seeking licensure of a dwelling as **BOTH** an STR and a long-term rental.

As noted, the Planning and Zoning Commission held a public hearing on the Chapter 29 amendments at their December 7, 2023 meeting. Staff verbally presented the attached report providing an overview of the regulatory development process, the Planning Commission's underlying principals behind the regulatory standards, and detailed analysis of the amendment's contents based on UDC section that would be impacted. Following staff's presentation 23 members of the public spoke with respect to the proposed regulations. A verbatim transcript of the meetings proceedings as well as 39 written public comments are attached.

A range of opinions and concerns were offered within the public and written comments. One consistent theme; however, was concern relating to the number of rental days and the licensure limitations proposed. A number of speakers noted that the regulations would potentially negatively impact service-sectors jobs and reduce the opportunity to offer unique experiences to visitors coming to Columbia. Concerns were also expressed that the regulations would limit the ability for individuals to monetarily benefit from offering their dwelling as an STR. Several speakers self-identified as operating more than one STR and a single speaker noted that he operated 26.

Additional comments offered in opposition to the regulations noted the tier structures was difficult to understand, the proposed occupancy limits were cumbersome, the CUP process was complex, expensive and bureaucrat, and the alternative ordinance offered by the Board of Realtor's and Apartment Association was a better option.

Comments offered in support of the regulations noted the Commission had put great effort into the standards prepared and that regulations were needed. Speakers supportive of the regulations urged the Commission to stand behind their work and not make changes.

Following closure of the public hearing the Commission considered tabling the ordinance to allow for consideration of the public comments. Commissioners sought staff direction on when a tabled ordinance could be further considered. Staff responded that to properly accommodate a work session for discussion of amendments, without calling a "special meeting", the hearing would need to be continued to the January 4, 2024 Regular meeting. This delay was not supported by the Commission. The Commission chose to discuss possible amendments that they would be willing to make given the public comments received.

Several Commissioners noted that they would be in favor of making non-substantive revisions to the proposed regulations; however, did not desire to make substantive one prior to Council receiving the regulations for consideration. Commissioners identified two non-substantive revisions they were willing to make prior to taking final action on the proposed regulations.



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The first non-substantive revision was to amend the term “days” to “nights” throughout the regulations with respect to the “day limits” within each Tier given an STR was believed comparable to a “hotel”. The Commission moved to amend this text throughout the regulations. This motion was approved by a vote of 9-0.

The second non-substantive revision was to amend the location in which a “designated agent” needed to reside. The Commission moved to amend the proposed text requiring that the agent be “within the City of Columbia” to “County of Boone”. The motion was approved by a vote of 8-1.

Staff noted that in addition to the non-substantive changes there were two technical corrections that would also need to be addressed prior to forwarding the proposed regulation on to Council for final consideration. Staff noted their location and the Commission acknowledged they would be incorporated in the final vote on this matter.

Finally, the Commission engaged in discussion regarding making more substantive changes to the number permissible rental nights per calendar year and licensure limitations based on the public testimony offer during the hearing. There were varied opinions offered by the Commissioners and ultimately there was no consensus reached and no motions were made. Following addition limited discussion, a motion was made to approve the amended regulations inclusive of the technical correction identified by staff which passed by a vote of 8-1.

A copy of the Planning and Zoning Commission staff report, public hearing format Chapter 29 amendments (revised 12/7/23), UDC format Chapter 29 amendments (Law Dept. prepared), STR Flowchart, Beheard public engagement comments and questions (Oct 27-Nov. 27, 2023), public correspondence, and meeting minute excerpts are attached for review.

Fiscal Impact

Short-Term Impact: Estimated first year costs between \$32,250-\$75,000 depending on services selected and possible third-party vendor. Estimated costs include comprehensive STR property identification, STR monitoring/reporting, out-reach, STR registration portal, tax payment portal, complaint hotline, constituent portal, reporting/analysis. Costs may be off-set by registration/licensing fees. Collected lodging taxes are restricted to CVB promotion and COU facilities.

Long-Term Impact: Ongoing costs for contracted services would vary; however, are estimated between \$30,000 to \$50,000 annually. Such costs may be off-set by annual registration/licensure fees. Collected lodging taxes are restricted to CVB promotion and COU facilities.



Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Inclusive and Equitable Community, Secondary Impact: Organizational Excellence, Tertiary Impact: Resilient Economy

Comprehensive Plan Impacts:

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

Legislative History

Date	Action
10/16/23	REP61-23 Final Draft Short-term Rental Regulations (direction to proceed to public hearing)
7/24/23	Joint City Council-Planning Commission Work Session
6/5/23	REP31-23 Short-term rental regulations update (report on public input)
12/19/22	Joint City Council-Planning Commission Work Session; REP100-22 Short-term rental regulations update (including draft ordinance)
1/18/22	REP7-22 Short-term rental regulations drafting update (report on Planning & Zoning Commission work session discussions of a new ordinance)
7/19/21	B205-21 Amending Ord. 024284 to extend the administrative delay in the enforcement of Ch. 29; Ch. 22; and Ch. 13 regulations related to short-term rental until 1/31/2022
1/19/21	B4-21 Ord. 024498 Amending Ord. 024284 to extend the administrative delay in the enforcement of Ch. 29; Ch. 22; and Ch. 13 regulations related to short-term rental until 7/31/2021
12/7/20	Council bills 348-19A, B22-20, B23-20 withdrawn (end of prior ordinance legislative history)
7/6/20	B150-20 Ord. 024284 Establishing an administrative delay in the enforcement of Ch. 29; Ch. 22; and Ch. 13 regulations related to short-term rental
6/1/20	B348-19A; B22-20A; B23-20A tabled to 12/7/20; B46-20 defeated
3/16/20	B348-19A, B22-20A, B23-20A tabled to 6/1/20
3/2/20	B46-20 Establishing an administrative delay in the enforcement of Ch. 29; Ch. 22; and Ch. 13 regulations related to short-term rental
2/3/20	B348-19A Amendments to Ch. 29 to establish use-specific standards governing the operation of short-term rentals (bill amended; tabled to 3/16/20 and referred to PZC for 3/5/20 hearing)
2/3/20	B23-20 Amending Ch. 22 to add short-term rental provisions to the city's rental conservation law
1/21/20	B22-20 Amending Ch. 13 (business license) and Ch. 26 (taxation) of the city code relating to bed and breakfast establishments and short-term rentals of residential dwelling units (introduction)



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1/21/20	B348-19 Amendments to Ch. 29 to establish use-specific standards governing the operation of short-term rentals (bill tabled to 2/3/20)
11/18/19	B348-19 Amendments to Ch. 29 to establish use-specific standards governing the operation of short-term rentals (bill introduced after Planning & Zoning Commission work sessions and public information meetings; bill tabled from 2 nd reading on 12/7/19 to 1/21/20)
3/4/19	REP22-19 Short-term rentals progress report
5/7/18	REP22-19 Short-term rental public information meetings (report); Council direction to prepare ordinance
11/20/17	REP92-17 Definition of Hotel and Motel (report); direction to conduct public input on short-term rentals

Suggested Council Action

Approve the proposed Chapter 29 amendments establishing regulatory standards governing short-term rentals as amended by the Planning and Zoning Commission and delay the effective date of such regulations until June 1, 2024.