



City of Columbia

701 East Broadway, Columbia, Missouri 65201

Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: November 18, 2019

Re: UDC Amendment – Short term rental (STRs) regulations (Case # 31-2019)

Executive Summary

Adoption of the proposed ordinance would create definitions and establish use-specific standards governing the operation of short-term rentals (STRs) within the City of Columbia as well as modify the Permitted Use Table of the Unified Development Code (UDC) establishing permissible districts in which an STR would be allowed as a permitted “accessory” or conditional use.

Discussion

Background

Following City Council direction at its May 7, 2018, meeting, staff began research to develop local zoning regulations pertaining to short-term rentals (STRs). This direction was prompted following a report by the Convention and Visitor’s Bureau relating to the collection of lodging taxes from individuals operating STRs as a means of “leveling the playing field” between all those engaged in the transient lodging industry.

Following initial research, staff prepared draft standards and held two public input sessions in November 2018. After these sessions the proposed standards were revised to address public comments and submitted to the Planning and Zoning Commission in December 2018 for an initial public hearing/listening session. At the conclusion of the hearing the Commission agreed to allow the public to submit written comments until January 15, 2019.

Staff consolidated all written comments into a summary spreadsheet and presented the comments to the Planning Commission during a work session in February 2019. In response to Commission comments, staff revised the draft the regulations to better address public concerns. The revised regulations were presented at a second public hearing/listening session in March 2019.

Upon the conclusion of the second public hearing/listening session it became apparent that the issues of concern between those in favor of and opposed to the regulations had reached an impasse. Of the varied concerns expressed, those most frequently cited dealt with disrupting neighborhoods, introduction of a “commercial use” into a residential zoning district, allowing STRs of any kind in the R-1 district, permitting “un-hosted” (i.e., not owner-occupied) STRs, and requiring a conditional use permit as a requirement of gaining approval to operate an “un-hosted” STR.

Given the expressed concerns, the Commission voted to continue the second public hearing/listening session to their April Commission meeting. Following the Commission’s vote,



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staff began to evaluate what, if any, changes could be made to the proposed regulations which may resolve the apparent impasse. Staff was unable to identify any changes that would be satisfactory given its research and significantly divergent opinions regarding the topic. Given this finding and belief that additional public hearings would not yield meaningful results, staff recommended that the proposed amendment be withdrawn from further consideration at the Commission's April 18 meeting. Staff indicated that withdrawal of the request would provide opportunities to engage the Commission in more focused internal review of the regulations after which the item would be re-advertised for a new public hearing.

Since April the Commission and staff have met in four dedicated work sessions (June 20, July 18, August 8, and September 5) to discuss revisions to the March 1, 2019 draft regulations (Draft # 3). During these meetings, the Commission focused its attention on three overarching questions that appeared to be the greatest points of contention regarding the proposed regulations. These questions were:

- (1) When should owner hosting be required and what should defines an "owner hosted" STR
- (2) Should STR be allowed in the R-1 district and if so how
- (3) Should STR registration and inspection follow the proposed structure offered in Draft # 3 or just utilize the registration process currently used for long-term rental.

The attached regulations represent the outcome of the Commission's discussion and were approved by the consensus of its members in attendance during each of its work sessions. The regulations are not without compromise on certain aspects of administration; they were developed in the spirit of cooperation and a desire to address all viewpoints expressed.

The Commission debated at length inclusion of a conditional use permit process recognizing that such a procedure would create burdens upon staff, the Commission, and Council. However, the Commission and staff were unable to identify an alternative that would provide protections from non-owner hosted STRs repeatedly requested by those in the R-1 district.

The attached Planning and Zoning Commission staff report provides a breakdown of the proposed regulations key elements as well as Permitted Use Table revisions that identify where this new land use would be allowed. The proposed regulations should be considered a single component of an overall regulatory structure that will guide the City in its management of this new land use moving forward.

In addition to the attached ordinance, concurrent legislation addressing the administration, licensure, and taxation of this new land use is proposed. Revisions to the Rental Conversation Law, Business Licensing standards, and Lodging Tax



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requirements will complete the regulatory structure needed to ensure an equal and level playing field is created for all those engaged in the transient lodging industry.

Commission Action

The Planning and Zoning Commission considered this amendment at its October 10, 2019 meeting. Staff provided its report followed by Commissioners seeking clarification regarding the provision of adjoining property owner notice when either a “hosted” and “un-hosted” dwelling unit was seeking a conditional use permit and the definition of “short-term rental hosted. Staff responded that “hosted” was omitted from the notice requirements and it could be added. Staff further responded that the definition of “short-term rental hosted” could be revised to remove the word “either” from the third line of the definition to address the concern expressed.

Following Commission questions the public hearing was opened and approximately 20 members of the public provided testimony. Comments offered about the proposed regulations and/or process included the following:

- 1) confusing and placed an unfair burden upon single-family homes in the R-MF district,
- 2) should be accompanied by refinements to the conditional use review criteria,
- 3) may “bleed-over” and impact the traditional long-term rental process,
- 4) are too restrictive as related to the number of transient guests permitted per zoning district and may cause families to have to make multiple reservations,
- 5) conditional use process too burdensome - should only be required when a complaint arises,
- 6) short-term rental certificates should be transferable upon sale of property,
- 7) may stifle economic opportunities and offering of varied lodging choices,
- 8) have failed to employ sufficient public engagement,
- 9) should look at other STR models (Tuscaloosa, Alabama mentioned) for requirement and regulatory guidance,
- 10) should require professional home inspections,
- 11) should require a business license if authorized,
- 12) permitting commercial uses in a neighborhood setting is inappropriate – STR is similar to B&B,
- 13) how will enforcement be paid for,
- 14) should include a maximum number of “minors” as part of transient guest occupancy limits to reduce potential conditional use applications.
- 15) STRs provide homeowners a way of off-setting housing costs,
- 16) should require posting of a “designation agent” for un-hosted STRs,
- 17) should include vehicle limits for all STRs,
- 18) exclude un-hosted STRs from residential neighborhoods,
- 19) un-hosted STRs reduced availability of affordable rental housing,
- 20) establish permitting limits on un-hosted STR within defined geographic areas (i.e. neighborhoods, block faces).



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Following public comments, the hearing was closed and the Planning Commission began deliberations. Commissioners sought verification that the proposed changes discussed during initial questions of staff would be incorporated into the ordinance. Staff confirmed that the changes would be as they were clarifying changes not substantive changes.

Commissioners offer the following comments and possible enhancements/revisions to the regulations for Council's consideration:

- 1) a preference for "hosted" verses "un-hosted" STRs,
- 2) a shared concern with the conditional use process, but a belief if that was what it would take to get the regulations "right" the additional burdens of vetting each application needed to occur,
- 3) possible limits the number of STRs authorized to a single individual as well as within particular locations,
- 4) concern regarding the loss of affordable housing,
- 5) accommodation of families to stay within a single STR through adjustment of the transient guest occupancy limits,
- 6) looking at the Tuscaloosa model, but not following it for fear of becoming elitist,
- 7) balance the original "sharing economy" intent of STRs with that of a commercial business model,
- 8) utilize taxes and fees that will be collected to hire staff to administer the regulations,
- 9) concern regarding the addition of a "designated agent" and its possible creation of a loophole for "hosted" STRs especially in the R-1 district, and
- 10) support for guest occupancy limits and Administrative Approval for "hosted" STRs only.

Having completed its discussion, the Commission made a motion to approve the proposed regulations as submitted with the modifications to Section B(2)(i) and C(1) as discussed. Such motion resulted in a 3-3 tie. As per the Planning and Zoning Commission's Rules of Procedure a tie vote is a "no recommendation".

Following the Planning Commission meeting, the Law Department informed staff of a technical error in the presented regulations. The error was identified within the first line of paragraph (A)(1)(iii) and consisted of the following double negative phrase " In the event the owner of record **cannot not** be present while the home.....". The highlighted double negative is proposed to be modified by the removal of the "**not**" from the sentence. The Law Department views this revision to be a substantive change to the advertised regulations. As such, Council approval of an amendment sheet will be needed to make the aforementioned correction.

A copy of the proposed regulations (as amended by the Planning Commission) and changes to the Permitted Use Table, public correspondence, and meeting minute excerpts are attached.



Fiscal Impact

Short-Term Impact: Anticipated impacts may include hiring an outside vendor for STR canvassing and additional FTE to assist in administrative and enforcement activities. Impacts may be off-set by revenue collections from registration fees and allocation of a portion of increased lodging taxes.

Long-Term Impact: Potentially continued funding of added FTEs and outside vendor contract as well as possible increased demands for regulation enforcement by ONS and Police.

Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Land Use & Growth Management, Secondary Impact: Livable & Sustainable Communities, Tertiary Impact: Not Applicable

Legislative History

Date	Action
N/A	N/A

Suggested Council Action

This item has been forwarded to Council with a “no recommendation” from the Planning and Zoning Commission due to a tie (3-3) vote. Council may choose to:

- 1) Adopt the regulations as presented; or
- 2) Offer amendments, based on Commissioner and public comments, that may address expressed concerns; or
- 3) Remand the regulations to Planning and Zoning Commission for additional consideration with specific instruction on regulatory preferences.