

## Introduction

The Planning and Zoning Commission recently voted 6-3 to recommend approval of several changes to the Short-Term Rental regulations in Chapter 29 of the Unified Development Code (UDC). While these changes did not achieve unanimous support by the Commission, they were recommended following lengthy vetting within Commission work sessions and were undertaken at the request of Council to evaluate ways of increasing licensure compliance and simplification of the regulatory process. The proposed changes are based on the Commission's year long experience in processing applications and implementation of the original provisions of the short-term rental ordinance and have kept the principles of the original ordinance in mind.

While the Commission has experienced significant turnover in the last year, we have been mindful of providing background and context to incoming Commissioners with respect to the ongoing work of the Commission. This includes the Short-Term Rental regulations as well as projects like updating the definition of family and smaller lot size integration. With that in mind, the vote to recommend approval of the regulatory changes should be seen as part of the Commission's continuing efforts to refine the UDC's regulations to enhance their effectiveness and efficiency rather than a change in attitude or position.

The recommended changes to the regulations include:

1. Combining Tier 1 and Tier 2 and expanding STR access for residents who are renting their primary residence.

Our reasoning for this is twofold. First, it allows more equitable use of STRs for people who are listing their own home for rent by increasing the number of nights without making them come through the CUP process. Second, it is clear that the only difference between the original Tier 1 and Tier 2 is the number of nights available and the parking requirements. A more streamlined and administratively driven application process for Tier 1 STRs was not adopted as part of the regulatory changes to the taxation and licensure chapters of the City Code. Had such a change been incorporated, retaining the current regulatory structure would have potentially made sense. However, given this did not occur the majority of Commissioners believed consolidation of the Tiers was appropriate. Additionally, as an added benefit, this proposed change makes the ordinance simpler to understand and implement.

2. Set a single night limit for all STRs in Residential Zones with CUP exceptions.

This change was seen as a means of simplifying the ordinance's administration and as an incentive that may enhance licensure compliance. After lengthy discussion and consideration of how this change would impact residents and neighborhoods, the majority of the Commission concluded there was no reason to have multiple levels of usage based on owner type since neighbors would be impacted to the same degree regardless of who owns or operates a dwelling used as a short-term rental. Furthermore,

Commissioners felt that the built-in enforcement provisions of the regulations were sufficient to address possible negative outcomes and those provisions needed space in which to be effectively implemented not constrained by the lower CUP threshold.

### 3. Creating new triggers for CUPs.

These changes were where the Commission spent the majority of its time debating and exploring potential options. The Commission looked at the types of cases that have caused the majority of concerns over the use of a home as an STR or which resulted in recommendations of application denial. It was these concerns and factors that informed the new triggers for when a CUP would be required. The new triggers were considered, by the majority of Commissioners, as a means by which to ensure that potential bad operators would still have to apply for a CUP without creating unnecessary burdens for the good ones.

Furthermore, given the vast majority of CUPs have been approved, revisions to when a CUP would be required were viewed as necessary to create opportunities for more efficient use of staff and Commission time. Based on the year-long review of STR CUP applications it was readily apparent that significant resources were being expended on applications that have no opposition or history of problems. Commissioners felt that this expenditure of time could be reallocated to other projects such as completing small lot integration or reviewing the comprehensive plan. Additionally, the new CUP triggers would reduce unnecessary barriers to achieving licensure for residents desiring to use their home more than 30 nights per year.

As the Commission considered the proposed changes, they also reviewed the underlying principles that guided the development of the original regulations and what goals the regulations were attempting to fulfill. The original regulations were written with the following principles in mind:

- Fulfilling our role in the City by adopting initiatives and policies that encourage and promote diverse, affordable, and attractive housing; encourage and promote home ownership in all areas of the City; and protect renters by preserving the availability of housing in residential zoning and not allowing fully commercial enterprises to operate in residential zones.
- Modeling our ordinance to allow for broad/easy use of the original STR model – homeowners and tenants renting out space in their own home on an occasional basis.
- Allowing homeowners to benefit from the extra income their property may generate without adversely impacting their neighbors.
- Equitable participation in the STR market – pushing back against regulations that concentrate STRs in areas that are primarily rental neighborhoods in order to “protect” owner-occupied neighborhoods.

The proposed changes to the regulations are not seen, by the majority of the Commission, as altering these underlying principles. The recommended changes **do not**:

1. Increase the number of STR licenses a single person may have.
2. Allow for dense pockets of STRs within residential neighborhoods without specific evaluation and approval of the City Council.
3. Privilege one type of owner or resident over another.
4. Cut neighbors out of the “overall” regulatory process. Impacted neighbors retain the right to submit alleged regulatory violations to the City, which if verified, can result in STR and Business License revocation.

The changes proposed would simplify the licensure procedure for former Tier 1 and Tier 2 “long-term resident” occupied dwellings by allowing operators to obtain a license for up to 210 nights without added CUP expenses subject to meeting on-site/off-street parking requirements. In the event that desired guest occupancy exceeded available on-site/off-street parking, the proposed changes also include provisions allowing such operators to obtain a 120 night, maximum 4 guest license without additional parking. This exception is consistent with the provisions of former Tier 1 and less stringent than the provisions within former Tier 2 which required additional on-site/off-street parking regardless of occupancy. Any dwelling, regardless of operator classification, seeking usage greater than 120 nights would be required to comply with the supplemental parking standards in order to minimize impact on the neighborhood streets.

The proposed changes continue to protect neighborhoods by retaining and expanding the CUP triggers for operators in residential zones that are most likely to impact adjacent residents. Any operator that is within 300 feet of an existing STR, within 1000 feet of a school, has a history of complaints, or does not have on-site parking sufficient to meet the regulatory requirements would still be required to come before the Commission for permission to operate. Retaining and expanding the CUP triggers means the cases that the Commission is most likely to deny and has denied previously would still be subject to approval.

It is also key to remember that two verified complaints against an operator for a property is sufficient to result in their license being revoked. City enforcement of all neighborhood services codes depends on reports from neighbors and the successful administration of the STR regulations enforcements provisions is no different. While enforcement has just begun, the Commission is confident that City staff will diligently follow-up on complaints and revoke the licenses of operators who are not following the regulations.

As a last note. The implementation of STR regulations outside of Chapter 29 has shown that land use in itself cannot always accomplish the Commission’s objectives. While the Commission envisioned an easier path to licensure for “long-term residents” using their principal home as an STR, the changes to the licensure and taxation chapters did not fulfill this vision. Even original Tier 1 applicants were required to have an inspection and go through the same application process as Tiers 2 and 3. Making modifications to provisions contained in other chapters of the City Code is not within the purview of the Commission, and there are no known changes to

Chapter 29 that could be made to create an easier path for some applicants over others. Additionally, the number of applicants who would take advantage of the separate process may not justify the amount of complication it would create for the various departments who need to implement it.

For all the above reasons, the Commission is hopeful that the Council will approve the changes to the STR regulations. Such an action will allow the Commission to conduct STR application reviews on submissions that have the greatest potential to significantly disrupt and alter our neighborhoods while still providing opportunities for residents to use their property as a short-term rental.