

**AGENDA REPORT
PLANNING AND ZONING COMMISSION MEETING
December 7, 2023**

SUMMARY

A request by the City of Columbia to amend Sections 29-1.11(a) [Definitions], 29-3.2, Table 29- 3.1 [Permitted Use Table], and 29-3.3 [Use-specific Standards] of Chapter 29 of the City Code (Unified Development Code) pertaining to the regulation of residential dwellings used for the purposes of short-term rental (STR). The amendments propose new definitions specifically tailored to STRs, revisions to the permitted use table indicating what zoning districts allow STRs, new “use-specific standards” that describe a three “tier” structure governing STRs that contain operational and rental day limitations, and supplemental “use-specific standards” addressing licensure, site, and operational limitations/requirements. **(Case # 45-2023)**

DISCUSSION

The attached text amendment proposes a regulatory framework that will provide guidance relating to legal use of a private residential dwelling for the purposes of offering such dwelling to a guest or group of guests for periods of less than 31 consecutive days. Using a residential dwelling in this manner is commonly known as short-term rental (STR). Dwellings used 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.

The City of Columbia had an estimated 463 STRs available for rental as of November 16, 2023 according a search of records on AirDNA. It should be noted that AirDNA records do not track all listing platforms upon which an STR may appear, but rather focus on those residential dwellings listed on the Airbnb platform. It should be further recognized that the number of STRs listed at any one time varies seasonally; however, the AirDNA data does show an increase in the number of dwellings listed year over year during a “look-back” period from October 2020-October 2022. Listed dwellings in 2020 were 281 which increased to 374 in 2022.

Within the attached text amendment provisions are proposed that will recognize the use of a private residential dwelling as an STR within certain zoning districts as either a permitted, conditional, or conditional accessory uses, establish a 3-tier structure for STR operation with limits on the number of days (30, 120, or greater than 120) a dwelling may be rented within a calendar year, require operators (owners or tenants) to register the dwelling unit and obtain an STR and Business license prior to offering such unit for rent as an STR, establish a licensure limit of one (1) STR license per operator, and restrict occupancy within a dwelling licensed for STR use to a maximum of 8 individuals. The attached regulations also contain provisions addressing supplemental parking standards applicable to Tier 2 and 3 STRs, dwelling unit use and reservation limitations, accessory dwelling unit (ADU) usage as an STR, STR certificate of compliance posting and rental platform identification requirements, safety and accessibility standards, STR licensure transferability and revocation, and allowed signage. And finally, the attached regulations contain standards that propose supplemental evaluation criteria that would be considered as part of the issuance of a conditional use permit (CUP) to allow a dwelling to be used as an STR.

The proposed regulations **DO NOT** apply to any residence that is offered to a guest for a period of over 31 consecutive days. The rental of a dwelling unit to the same guest for a duration greater than 31 consecutive days is considered a **long-term rental** and would subject to the rental licensure provisions of Chapter 22, Article 5 of the City Code, the City’s Rental Conservation Law. Furthermore, the proposed regulations **DO NOT** prohibit a property owner from seeking licensure of a dwelling as **BOTH** an STR and a long-term rental.

Background

The impetus of the proposed regulatory provisions began following a series of 2018 Convention and Visitor Bureau meetings in which a desire was expressed to create taxation parity between local hoteliers and private residents who chose to offer their individual residences for lodging. Based on these meetings and associated discussion, City Council requested in May 2018 that land use regulations be prepared to recognize and permit the legal operation of a private residential dwelling as an STR.

Between May 2018 and December 2018, the staff and the Commission developed the requested regulations. A series of public listening sessions on the regulations were conducted followed by the Planning Commission holding a public hearing in October 2019 that resulted in a tie 3-3 vote on the draft regulations. This recommendation was forwarded to the Council in November 2019. Following two Council public hearing, 15 proposed amendments, and a remand to the Planning Commission for reconsideration of the amended ordinance, the regulations were removed from Council consideration in December 2020. At the time of voting to remove the regulations from further consideration, a request was made that the regulations be returned to Council in a simplified format with consideration of the impacts that STRs have on affordable housing within the city.

Given this direction, the staff and Commission began the process of developing new regulatory provisions in June 2021. These new regulatory provisions are the topic of this staff report and public hearing. The provisions have been informed by staff and Commissioner literature and ordinance review, research and analysis of local STR market conditions utilizing publicly available records, 25+ work session meetings, and the following 5 “guiding principles” adopted by the Planning Commission.

- **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 and 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.**

Since June 2021, the Planning and Zoning Commission and the City Council met twice to review progress on the regulatory provisions, present research findings, and seek confirmation on the outcomes desired with the regulations. The first of these joint meetings was in December 2022 and the second was in July 2023. Following the December 2022 meeting, Council sought additional public input to inform the regulations. This request was addressed through a public engagement effort that was facilitated through the City’s public engagement and feedback software Beheard. Results of this engagement were shared with the Commission and Council in May and June, 2023, respectively. Based on those comments, the Commission made several revisions to the proposed regulations that were shared with Council during the July 2023 joint meeting.

Following the July 2023 joint meeting, the Commission and City Legal staff worked to refine several technical aspects of the proposed regulations. On August 24, 2023, the Commission voted to accept the draft regulations as complete following a thorough discussion of each regulatory component. On October 16, 2023, a Council report with the August 24, 2023 final draft regulations was submitted to City Council. This report sought authorization to proceed with a 30-45-day formal public review of the regulations and setting a public hearing on them for December 7, 2023. After discussion at the Council meeting, authorization was given for staff to proceed as requested.

Regulatory Provisions

The attached regulations amend several sections of the City's Unified Development Code (UDC). New definitions for terms specific to STRs will be added to sec. 29-1.11, the locations (i.e. zoning districts) where short-term rentals are considered permitted (P), conditional (C), accessory (A), or conditional accessory (CA) will be added to the 'Permitted Use Table' within sec. 29-3.2, and new "use-specific standards" and "supplemental use-specific standards" will be added to sec. 29-3.3(uu) which describe the 3-tiers of STRs and establish supplemental licensure/operational limitations applicable to STRs.

The discussion that follows provides an overview of the content proposed within the attached regulations. This discussion focuses on the proposed regulations key features and is organized by the section of the UDC that will be modified. This discussion will not cover every aspect of the proposed regulations in equal detail.

- **Definitions**

The regulations introduce several new terms that have not previously appeared within the UDC. Of these, definitions are proposed for each STR Tier, a short-term rental, and transient guest. There are several additional terms that also, to some degree, impact administration and proposed licensure of STRs. The first set of terms to recognize are '**long-term resident**' and '**principal residence**'.

The use of the term '**long-term resident**' is proposed to eliminate confusion with respect to the occupancy or non-occupancy of a dwelling when it is being used for STR purposes. Additionally, as defined, it also includes a renter who has a lease greater than 30 days as an eligible STR licensee, subject to property owner authorization. By incorporating authorized tenants as a possible license recipient, all residents, not just owners, are provided the opportunity to benefit from STR use of a dwelling thereby potentially off-setting a rental cost burden and allowing more rental units to be preserved due to increased affordability.

The use of the term '**principal residence**' is proposed to provide distinction between the types of licensure authorization (i.e. administrative or conditional use permit) that exist within the different STR Tiers and within the allowed zoning districts. This term, as defined, eliminates the necessity to establish an arbitrary number of days in which an "owner" has to occupy a dwelling for it become their primary home.

The following additional terms that should also be recognized as being defined within the attached regulations: '**designated agent**', '**owner**', '**registrant**', and '**short-term rental intermediary**'. These terms are proposed to provide additional guidance as to how the licensure and operation of a future STR will be expected to be governed.

The proposed regulations **DO NOT** require the STR licensee to be on-site at all times. The term '**designated agent**' outlines who may act on behalf of the licensee and specifies what qualifications such an individual must have to be considered a legal substitute.

Within the context of STR, the term ‘**owner**’ is proposed to be defined differently from its present definition within the UDC. The distinction removes reference to the transfer of property and more closely aligns with the definition of owner found within the Building Code.

Given the proposed regulations require a registration process, a definition for ‘**registrant**’ is proposed which provides differentiation between the owner of the dwelling the individual seeking the licensure. In most instances the owner and registrant will be the same.

And finally, a definition for ‘**short-term rental intermediary**’ is proposed which provides the formal description of the marketplace or network the facilitates the listing, marketing, and rental of STRs as known as a platform.

- **Permitted Use Table**

The Permitted Use Table (see attached) provides the zoning districts within which a particular land use may be permitted. The Permitted Use Table excerpt shown below, identifies the proposed zoning districts in which STRs would be authorized as either a permitted (P), conditional (C), conditional accessory (CA), or accessory use (A) use.

| Table 29-3.1: COLUMBIA, MISSOURI, PERMITTED USE TABLE | | | | | | | | | | | | | |
|--|-------------|------|------|------|-----------|-----|-----|------|-----------------|----|------|---|---|
| P=Permitted use C=Conditional use A=Accessory use CA=Conditional Accessory use T=Temporary use | | | | | | | | | | | | | |
| Zoning District | Residential | | | | Mixed Use | | | | Special Purpose | | | | Use-Specific Standards, in Section 29-3.3 |
| | R-1 | R-2 | R-MF | R-MH | M-OF | M-N | M-C | M-DT | M-BP | IG | A | O | PD |
| LAND USE CATEGORY | | | | | | | | | | | | | |
| Short-term Rental (Tier 1) | A | A | A | | A | A | A | A | | | A | | Per PD Approval |
| Short-term Rental (Tier 2) | A/CA | A/CA | A/CA | | A | A | A | A | | | A/CA | | |
| Short-term Rental (Tier 3) | | | | | C | P | P | P | | | | | |

Where shown as a (P), an STR is allowed “by-right”. Where shown as a (C), an STR is allowed only if authorized following recommendation by the Planning Commission and approval of a conditional use permit by City Council. Where shown as a (CA), an STR is allowed only if its presence is “accessory/secondary” to the use of the dwelling as a residence **and** following recommendation by the Planning Commission and approval of a conditional use permit by City Council. Where shown as an (A), an STR is allowed only if its presence is “accessory/ secondary” to the use of the dwelling as a principal residence. Regardless of designated status (i.e. P, C, CA, or A), the use of a dwelling unit for STR purposes shall be required to meet any “use-specific” and/or “supplemental use-specific” standards established within sec. 29-3.3(uu) of the UDC.

- **Use-specific standards - Short-term Rental Tiers**

The regulations define three (3) tiers of STR operations. The primary differences between the Tiers are the total number of rental days permitted per calendar year, the type of licensure procedures available to a registrant (i.e. administrative or conditional use permit), supplemental parking standards, and if the dwelling used for STR purposes is an accessory use to a principal residence.

While the maximum number of rental days are limited by Tier per calendar year, a dwelling unit may be advertised (i.e. listed) on a hosting platform year-round. The operator/licensee will be expected to adhere to the day limitations or be subject to licensure revocation. Additional methods for tracking rental days has not been fully determined; however, staff is aware of several methodologies.

Once final regulations are adopted, application and licensure forms as well as fees for such actions will be established. At this time, the administrative process associated with the implementation of the proposed regulations has not been finalized; however, it is anticipated to engage several city departments with responsibility to review and issue business and rental certificates as well as those responsible for building inspections, generally, and those associated with oversight of the city's existing long-term rental compliance program.

The attached regulations describe the three (3) STR Tiers as follows.

Tier 1 -

- STR allowed as an **accessory use** when the dwelling is the **principal residence** of a **long-term resident** in the A, R-1, R-2, R-MF, M-OF, M-N, M-C, and M-DT districts.
- Maximum 30 rental days per calendar year.
- Administrative licensure, subject to compliance with the “use-specific” and “supplemental use-specific” standards.
- No additional on-site parking standards.

Tier 2 -

- STR allowed as an **accessory use** when the dwelling is a **principal residence** of a **long-term resident** in the A, R-1, R-2, R-MF, M-OF, M-N, M-C, and M-DT districts.
- STR allowed as an **accessory use** when the dwelling is **NOT** the **principal residence** of a **long-term resident** in the M-OF, M-N, M-C, and M-DT districts.
- STR allowed as a **conditional accessory use** when the dwelling is **NOT** the **principal residence** of a **long-term resident** in the A, R-1, R-2, R-MF districts. Such authorization requires recommendation of the Planning Commission and City Council approval of a conditional use permit.
- Maximum 120 rental days per calendar year.
- Administrative licensure to a long-term resident, subject to compliance with the “use-specific” and “supplemental use-specific” standards.
- Administrative licensure to an owner not considered a long-term resident (i.e., it's a secondary or investment home) within the M-OF, M-N, M-C, and M-DT districts, subject to compliance with “use-specific” and “supplemental use-specific” standards.
- Conditional Use Permit required for licensure to an owner not considered a long-term resident (i.e., it's a secondary or investment home) in the A, R-1, R-2, and R-MF districts, subject to compliance with the “use-specific” and “supplemental use-specific” standards.
- Additional on-site parking required - 1 space for each two occupants of the dwelling.

Tier 3 –

- STR allowed as a **permitted use** in the M-N, M-C, and M-DT districts.
- STR allowed as a **conditional use** in the M-OF district. Such authorization requires recommendation of the Planning Commission and City Council approval of a conditional use permit.
- Greater than 120 rental days in a calendar year
- No requirement that the dwelling used as an STR be a principal residence of a long-term resident (i.e., can be a secondary or investment home).

- Administrative licensure within M-N, M-C, M-DT, subject to compliance with the “use-specific” and “supplemental use-specific” standards.
- Conditional Use Permit required for licensure within the M-OF district, subject to compliance with the “use-specific” and “supplemental use-specific” standards.
- Additional on-site parking required - 1 space for each two occupants of the dwelling.

- **Supplemental use-specific standards – Licensure Limitation**

The regulations propose that a maximum of one (1) short-term rental certificate may be issued per owner or authorized tenant. This provision has been proposed based on the Commission’s “guiding principles” and the belief that starting at the most restricted level of licensure affords the greatest opportunity to expand gradually, if needed, instead of being overly permissive initially. The provision ensures no one operator is acquiring multiple properties, potentially along a single block, to operate as ‘commercial’ businesses. Furthermore, the establishment of this provision would potentially reduce the total number of dwellings purchased and subsequently converted to STRs which would further impact the availability of attainable housing (ownership or rental) within certain neighborhoods of Columbia.

- **Supplemental use-specific standards – Maximum Occupancy**

The regulations propose that a maximum of 8 guests be permitted to occupy a dwelling used for STR purposes. The actual authorized occupancy within a dwelling licensed for STR use would be calculated using the occupancy standards established by the most recently adopted edition of the International Property Maintenance Code (IPMC). The IPMC is the code used in determining occupancy limits within the City’s existing long-term rental program.

This standard is intended to address concerns associated with over-occupancy, parking spillover, and general nuisance related impacts that using a residential dwelling may create on adjoining properties as well as neighborhoods. The choice of limiting the total number of guests to 8 is to ensure that provisions within Building Code applicable to a “lodging house” were not triggered.

- **Supplemental use-specific standards – Accessory Dwelling Unit (ADU) usage**

The regulations propose to permit the licensure of an ADU for STR usage. This provision was considered an appropriate use of a residential property upon which two dwellings are located provided the ADU meets the standards of sec. 29-3.3(uu) and other applicable UDC provisions. This authorization is subject to a condition that not more than one dwelling unit upon the property is registered for use as an STR.

- **Supplemental use-specific standards – Licensure Transferability**

The regulations proposed that an issued short-term rental certificate of compliance is non-transferable. This provision has been proposed to ensure that whenever a property has a change of ownership, a full review of licensure compliance of the new owner is evaluated. This proposed regulation differs from the current procedure utilized with long-term rental which permits licensure transfer within a specified period of time following property sale. The proposed exclusion of licensure transfer ensures all STR licensees are treated equally in their obtainment of a license.

Public Comments

Between October 27 and November 27, the City request public comments on the attached regulations. Citizens were given the opportunity to review and submit “ideas”, “comments”, and/or questions relating

the attached regulations via the City's public engagement and feedback software Beheard. The ideas, comments and questions are attached to this report. As you will notice, a total of 23 "ideas" were presented resulting in 15 comments being made about those "ideas". Additionally, there were 11 questions specific to the regulations that were asked by citizens.

In addition to the public engagement efforts facilitated via Beheard, the public was encouraged to submit written comments to Planning@como.gov. A total of 38 written comments were received as of preparing this report. All written comments have been attached to this report for review.

A common theme presented within the "ideas" offered via Beheard was that existing STRs be "grandfathered". A significant portion of the written comments submitted to Planning@como.gov expressed support of the proposed ordinance revisions prepared by the Columbia Board of Realtors, Columbia Apartment Association, COMOREIA, and the Columbia Mo Short-Term Rental Owners Facebook Group.

Additional written comments have expressed support for regulating STRs to reduce the loss of affordable housing for purchase/rental and possible provision of workforce housing. Comments have been offered that suggest limiting STRs in R-1 zones to no more than Tier 1. Comments have been submitted stating that the proposed regulations provide no protections for R-1 neighborhoods and fail to address increases in traffic and concentrations of STRs while also at the same time as being too complicated and fail to address issues of neighbors adjacent to STRs. Concerns have been expressed that the proposed regulations will negatively impact the local economy and several employment sectors as well as exclude the opportunity to offer lodging options often less expensive than traditional hotels that provide unique experiences to Columbia visitors. Comments have indicated that the positive contributions of STRs bring to Columbia have been overlooked. Comments have also been submitted that express concern that the regulations discriminated against married couples and the proposed "supplemental" conditional use provisions are too subjective. Comments have been submitted stating that the Tier structures is difficult to understand and that proposed occupancy limits are cumbersome, and that the CUP process is complex, expensive and bureaucratic that it should only apply to new STRs.

Conclusion

Creating regulatory standards relating to STRs has been a complex and challenging process. As can be gleaned from the public comments attached to this report there are varying opinions on the amount of regulation needed. The Commission has taken a data informed approach in creating the regulations that are attached and followed its established 5 "guiding principles" as it considered each of the regulatory provisions presented. These regulations represent the first step in providing a pathway forward to establish a process by which a land use presently not identified as being lawful within the community can become lawful. While the provisions proposed may not be fully supported by all impacted parties, they do provide guidance and will permit the collection of data which can be used to inform possible future regulatory changes with respect to this land use.

RECOMMENDATION

The Commission has the following four options as related to the attached regulations:

1. Continue the public hearing to permit for further Commission discussion
2. Adopt the ordinance as written
3. Adopt the ordinance subject to specific amendments
4. Deny the ordinance

SUPPORTING DOCUMENTS (ATTACHED)

- Proposed Text Amendment
- STR Flowchart
- Public comments via Beheard Engagement (Oct. 27-Nov. 27, 2023)
- Questions submitted via Beheard Engagement (Oct. 27-Nov. 27, 2023)
- Public Comments (as of Dec.1, 2023)

PUBLIC NOTIFICATION

Public hearing ad published within the Columbia Tribune on November 21, 2023. Correspondence received is attached.

Report Approved by Patrick Zenner