



CITY OF

Savannah

**Short-term Vacation Rental Report
June 30, 2017**

CONTENTS

OVERVIEW 2

BACKGROUND ON SAVANNAH’S SHORT-TERM VACATION RENTAL REGULATIONS 2

SHORT-TERM VACATION RENTAL UPDATE..... 4

ADMINISTRATION 4

NUMBER OF AND LOCATION OF SHORT-TERM VACATION RENTALS 4

OWNERHSIP TRENDS 7

NUMBER OF PARKING SPACED AND BEDROOMS 8

COMPLAINTS AND ENFORCEMENT 9

HOTEL/MOTEL TAX REVENUE..... 12

SHORT-TERM VACATION RENTAL ORDINANCE REVIEW PROCESS 12

ADMINISTRATIVE ENHANCEMENTS RECOMMENDATIONS 13

BEST PRACTICES..... 13

TIMELINE FOR IMPLEMENTATION 14

GROWTH MANAGEMENT RECOMMENDATIONS..... 14

OCCUPANCY..... 15

CAPPING LIMITATIONS..... 15

GRANDFATHERING OF NON-CONFORMING USE 16

REVISION TO THE MID-CITY TN-2 ZONING DISTRICT 17

SHORT-TERM VACATION RENTAL BLIGHT REDUCTION INCENTIVE 17

TIMELINE FOR IMPLEMENTATION 17

ADDITIONAL RECOMMENDATION 18

REFERENCE ADDITIONAL ATTACHMENTS FOR

- APPENDIX A: SHORT-TERM VACATION RENTAL ZONING BULLETIN*
- APPENDIX B: SHORT-TERM VACATION RENTAL ORDINANCE*
- APPENDIX C: SHORT-TERM VACATION RENTAL APPLICATION*
- APPENDIX D: NATIONAL TRUST FOR HISTORIC PRESERVATION STATEMENT ON SHORT - TERM VACATION RENTALS*
- APPENDIX E: REVISIONS TO THE SHORT-TERM VACATION RENTAL ORDINANCE*
- APPENDIX F: SHORT-TERM VACATION RENTAL REGULATIONS FROM OTHER COMMUNITIES*
- APPENDIX G: MEMORANDUM TO MAYOR AND ALDERMAN, PRELIMINARY SHORT-TERM VACATION RENTAL REGULATION REVISIONS, JUNE 20, 2017 AND STAKEHOLDER COMMENTS*
- APPENDIX H: SHORT-TERM VACATION RENTAL MAPS AND DATA*

OVERVIEW

Effective January 1, 2015, the City of Savannah implemented the short-term vacation rental zoning text amendment and ordinance. As defined by City code, a short-term vacation rental is the rental of an entire dwelling unit for 30 days or less. The use may or may not include an on-site manager and may be located in any type of dwelling unit—from single-family residences, to multi-family apartment/condo and accessory residences, such as a carriage house.

Short-term vacation rentals are permitted in mixed-use zoning districts where inns were previously permitted. In most districts, the use is by-right. Within the R-1, R-2 and R-3 zoning districts of the Victorian District, approval by the Zoning Board of Appeals is required since these districts are predominantly residential in nature.

In July 2016, the City approved a text amendment to allow, with certain restrictions, operation of the use in the Mid-City Traditional Neighborhood (TN-2) district. The use is limited to accessory dwelling units (e.g., a carriage house) and permitted only when the principal dwelling is owner-occupied. The text amendment also allows short-term vacation rentals by right—no Zoning Board of Appeals approval is required.

The ordinance does not address the rental of a bedroom in an owner/operator occupied home—the bed and breakfast homestay. These establishments are restricted to zoning districts that are mixed-use and not exclusively single-family residential.

BACKGROUND ON SAVANNAH'S SHORT-TERM VACATION RENTAL REGULATIONS

In 2014, stakeholders operating other forms of lodging approached the City of Savannah demanding equity within the industry. They identified perceived inequities concerning compliance with local and State regulations, which, to that point did not embrace the short-term vacation rental use. During public deliberations, it became apparent the use represented multifaceted issues ranging from the need to protect residents' quality of life to ensuring renter safety.

The City responded by developing a short-term vacation rental zoning text amendment (Attachment A) to address the following items:

Location of Permitted Use. The use is permitted in commercial and mixed-use zoning districts where inns were already permitted. A provision was also developed requiring properties located in the 1R, 2R and 3R zones—those zoned residential—in the Victorian District secure conditional approval through the Zoning Board of Appeals (ZBA). This allows for residents in these areas to voice their support or opposition for the use.

Occupancy. To manage occupancy issues, the use permits a maximum of two adults per bedroom plus two adults for each dwelling. With this standard, the bedroom size and number of beds limit the number of people who stay in that room—adult or non-adult.

Parking. The City was able to limit the occupancy of the homes and require more parking for properties with more than three bedrooms—which is more than what is required for a residence at a particular location.

Exterior appearance. The final condition of the zoning amendment prohibits any exterior modifications to the short-term vacation rental property.

Building on the zoning text amendment, the City crafted an ordinance designed, “to protect the public health, safety and general welfare of individuals and the community at large; to monitor and provide reasonable means for citizens to mitigate impacts created by occupancy of short-term vacation units; and to implement rationally based, reasonably tailored regulations to protect the integrity of the City’s neighborhoods” (Attachment B). The ordinance contains several provisions, which address the following issues:

Certification Process. Each property operating a short-term vacation rental must have a certificate. Certification is obtained by completing an application to include proof of ownership, proof of insurance and a business acceptance form. The initial application fee is \$150, and the annual renewal fee is \$50. These fees are used to offset costs in administering the program.

Code Compliance. When crafting the regulations, the City was presented with an obstacle pertaining to a portion of State Code (O.C.G.A. § 36-74-30(b)) prohibiting local government from performing inspections of single-family residential rental properties. Officials were faced with serious concerns—How could a property initially constructed as a residential unit be used for commercial purposes without an inspection? How could officials ensure a short-term vacation rental was safe for visitors?

The solution was to shift this responsibility to the property owner. Building officials and the local fire marshal developed a code compliance form outlining recommended minimum safety guidelines for the use by making sure the primary exit, emergency escape and rescue openings, smoke alarms and fire extinguishers were up to safety codes. The form recommends a mechanical, electrical and plumbing professional inspect the building systems to make sure these items are in good working order.

Response to tenant issues. An additional feature of the regulation requires the property owner to designate an individual to handle any problems with the short-term vacation rental property and monitor compliance with the ordinance. This agent must be able to appear on the premises of the dwelling unit within two hours following notification from the City on issues related to the use or occupancy of the premises.

Quality of Life. A written exemplar agreement—a document to be executed between the owner and occupant—must be submitted as part of the application. This requires compliance with all City ordinances as well as state and federal laws. Violation of the agreement may result in eviction by the property owner or agent as well as liability for fines levied by the City.

Enforcement. Any violation of zoning, building, health or life safety code results in a fine ranging from \$500 to \$1,000. If a property owner accumulates three code violations for a specific property within a year, the City may revoke the certificates for one year.

Posting of Certificate Number. To assist with enforcement, the ordinance also requires the assigned short-term vacation rental number from the certificate be used in all advertising.

Taxes. The ordinance also requires the property owner obtain a City of Savannah annual business tax certificate and remit State and local taxes.

SHORT-TERM VACATION RENTAL UPDATE

This section contains the most up-to-date report on activities associated with the City of Savannah's short-term vacation rental regulation for the period beginning on January 1, 2015 and running through June 22, 2017. The data generated in the report is collected from information provided through the application process and enforcement activities.

ADMINISTRATION

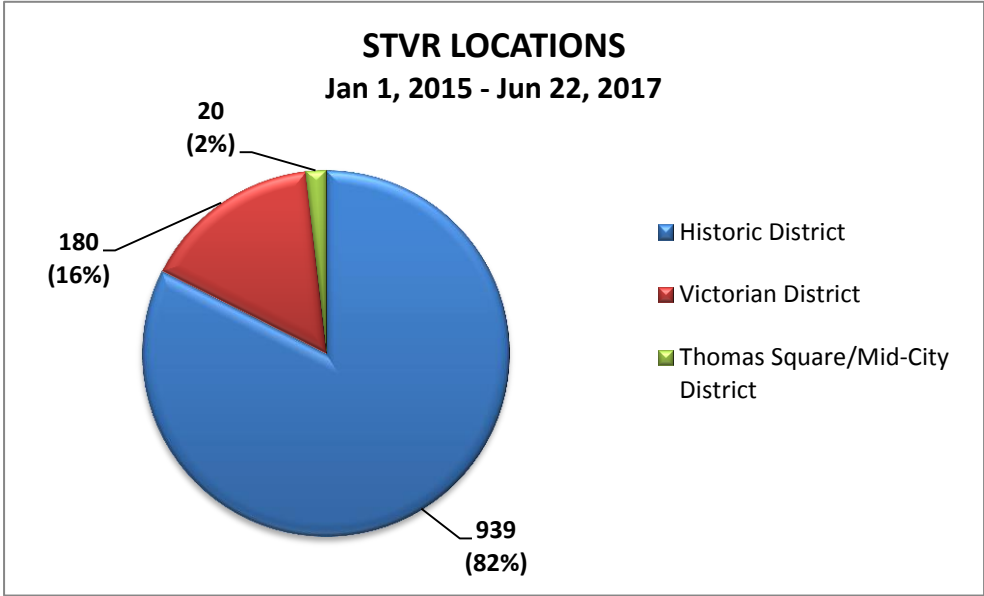
The Tourism Management and Ambassadorship Department is responsible for administering the program in coordination with other City departments. The following documents are required as part of the certification process (Attachment C):

- Short-term Vacation Rental Application
- Business Acceptance (Zoning Verification) Form
- Short-term Vacation Rental Agent Written Certification Form
- Sworn Code Compliance Verification Form
- Written Exemplar between property owner/rental management company and tenant
- Proof of Ownership
- Proof of Insurance
- Non-refundable fee of \$300 or renewal fee of \$150

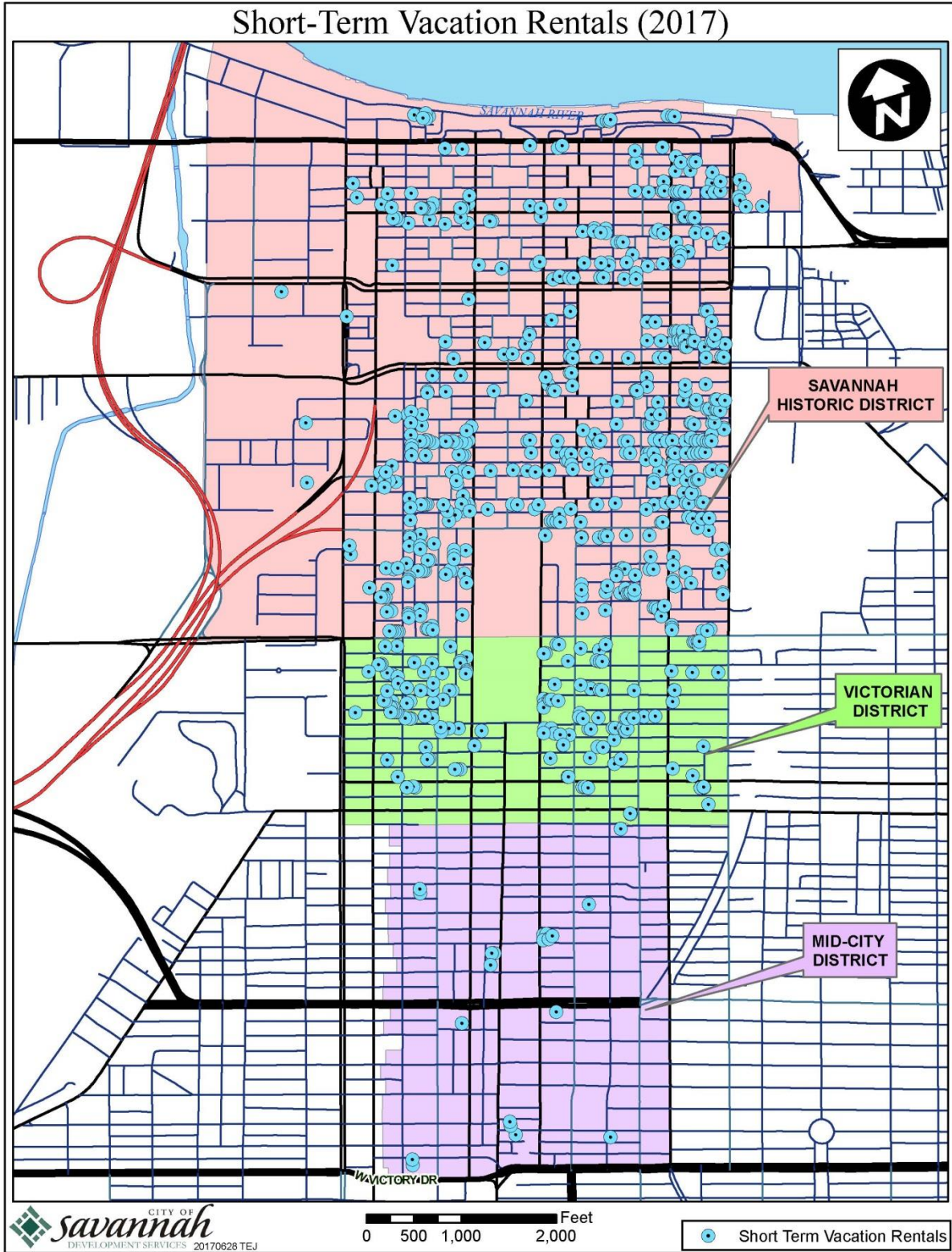
As part of the application, the Business Acceptance Form is collected by the department and submitted internally to Zoning for processing. Here, the City is able to verify that property is located in a zoning district allowing the short-term vacation rental. Conditional use approval is required in residential zoning districts of the Victorian District, and applicants must submit a petition to the Zoning Board of Appeals (ZBA). Once the department receives the approval from Zoning, the applicant is referred to the Revenue Department where a business tax certificate is issued. Then, the short-term vacation rental certificate is sent to the applicant.

NUMBER OF AND LOCATION OF SHORT-TERM VACATION RENTALS

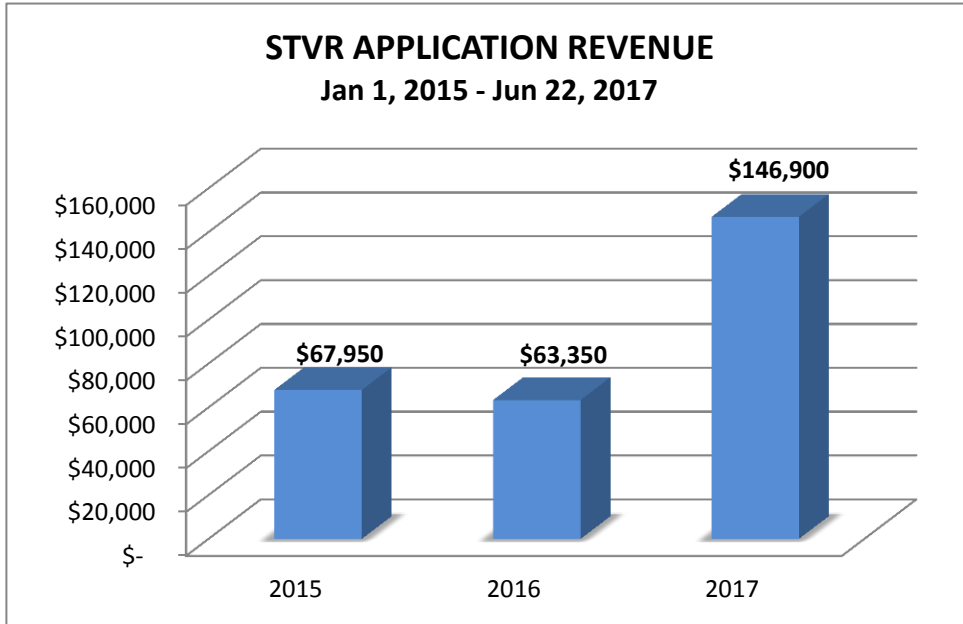
For the time period of this report, 759 properties were issued short-term vacation rental certificates and 380 applications are in review. A typical application takes an average three weeks to process. Of the 1,139 short-term vacation rental applications, 939 (82%) are located in the Historic District. The remaining 200 are in the Victorian (16%) or Mid-City districts (2%).



Short-Term Vacation Rentals (2017)

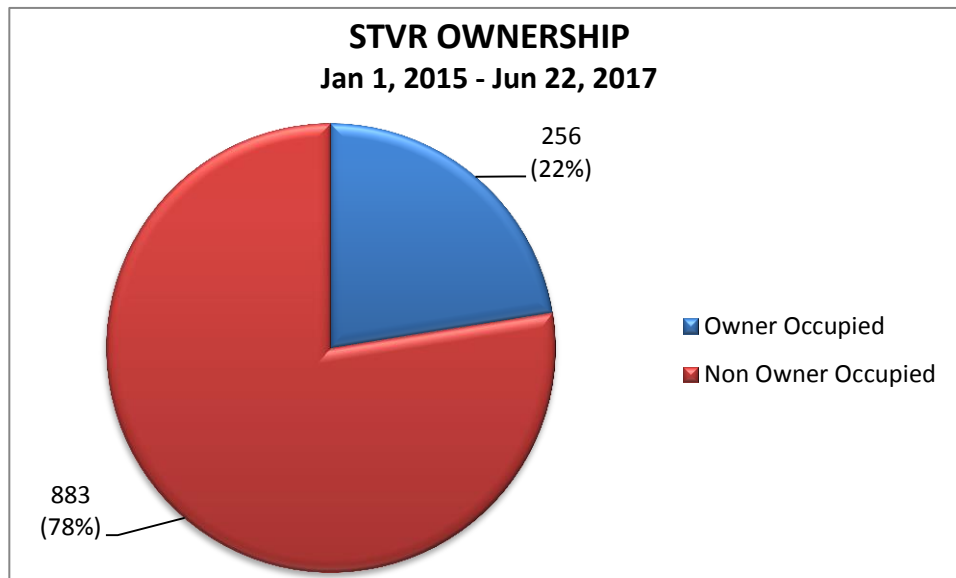


In May 2016, the City increased the application fees to offset costs associated with administering the program. The initial application fee was \$150 and changed to \$300, and the annual renewal fee changed from \$50 to \$150. Since the inception of the program, revenue collected through the initial and renewal application processes totals \$278,200.



OWNERHSIP TRENDS

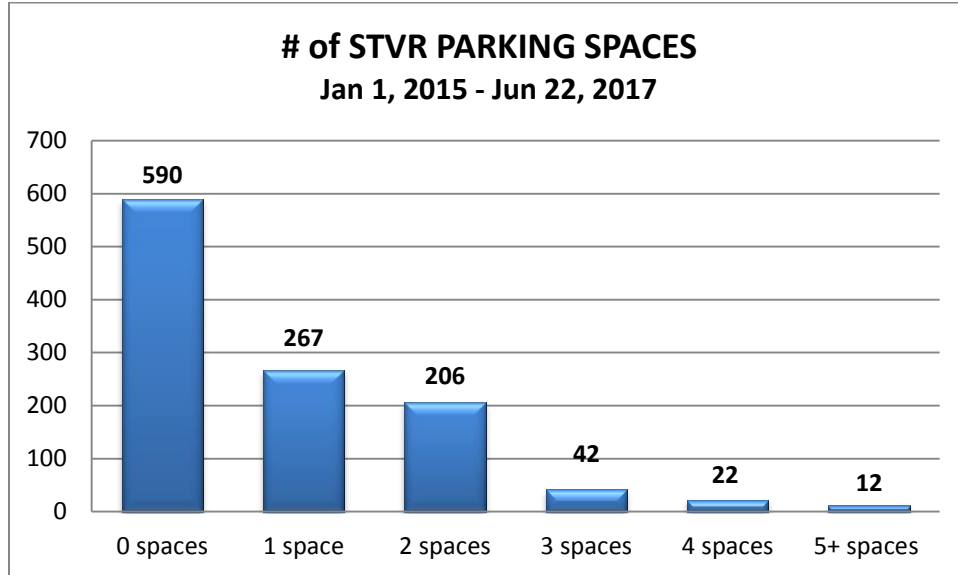
Data indicate 22% of short-term vacation rentals are owner-occupied with the remaining 78% as non-owner occupied.



NUMBER OF PARKING SPACES AND BEDROOMS

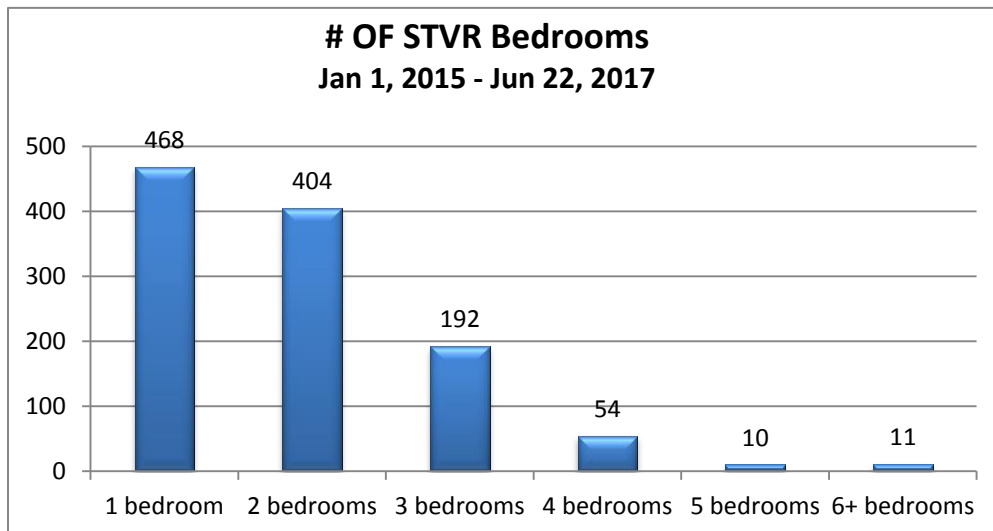
Parking has been a concern for some time; an issue not created solely by the emergence of short-term vacation rentals. Rather, it is due to the increasing number of downtown users like residents, visitors, students and businesses. The City recently approved a resolution to implement strategies outlined in the Parking Matters Study to improve parking and mobility options within downtown.

Through the short-term vacation rental ordinance, the City is able to address parking by limiting the occupancy of the properties and requiring more parking for properties with more than three bedrooms—a more stringent requirement than what is required for a residence at a particular location.



Of the 1,139 certified short-term vacation rentals and applications, approximately 856 off-street parking spaces are available. This is an average of .75 spaces per short-term vacation rentals. This is higher than requirements for other lodging accommodations.

Short-term vacation rentals in downtown Savannah market an additional 2,226 total (bedrooms in their overall inventory. Approximately 77% offer one or two bedrooms while the remaining 23% offer three or more bedrooms.



COMPLAINTS AND ENFORCEMENT

Short-term vacation rental enforcement consists of responding to complaints and monitoring the numerous web-based platforms used to advertise this form of lodging. Staff proactively monitors the websites and conducts an intensive investigation to track down the location and owner of the property. If the regulatory ordinance is not enforced in this matter, it will result in an ineffective regulation and threaten the character of residential neighborhoods.

To create stronger efficiencies, the Tourism Management and Ambassadorship Department handles all enforcement related activities associated with the use short-term rentals to include those in non-permitted areas previously handled by Zoning. In examining other communities, it is not unusual to have all short-term rental activities handled by one entity. New Orleans created the Short-Term Rental Administration as a division of the Department of Safety and Permits responsible for licensing and enforcing short-term rentals. This mimics San Francisco's action in creating the Office of Short-Term Rental Administration and Enforcement to provide a one-stop shop and centralized location to streamline applications for the short-term rental registry and enforce regulations.

By shifting this responsibility to Tourism Management, the City is better able to aggressively coordinate complaints and enforce the short-term rental regulations. Tourism Management is able to handle the increased workload based on the addition of three persons from the Downtown Enforcement Division in August 2016. Collaboration between City departments will continue to make sure enforcement is a priority for this use. This includes developing a program to engage employees in light-duty to assist with monitoring websites.

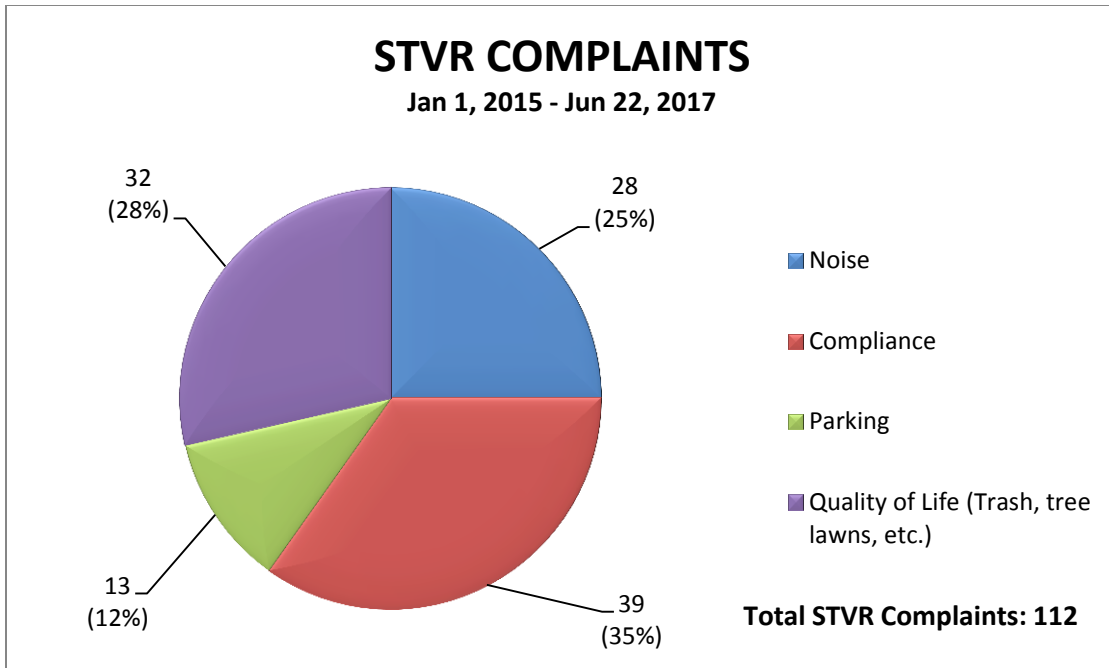
Since the City's enforcement efforts are effective, engaging an outside vendor to monitor web-based platforms for those in violation of short-term vacation rental regulations is not necessary.

The City does not regulate short-term vacation rentals in other jurisdictions or unincorporated Chatham County.

COMPLAINTS

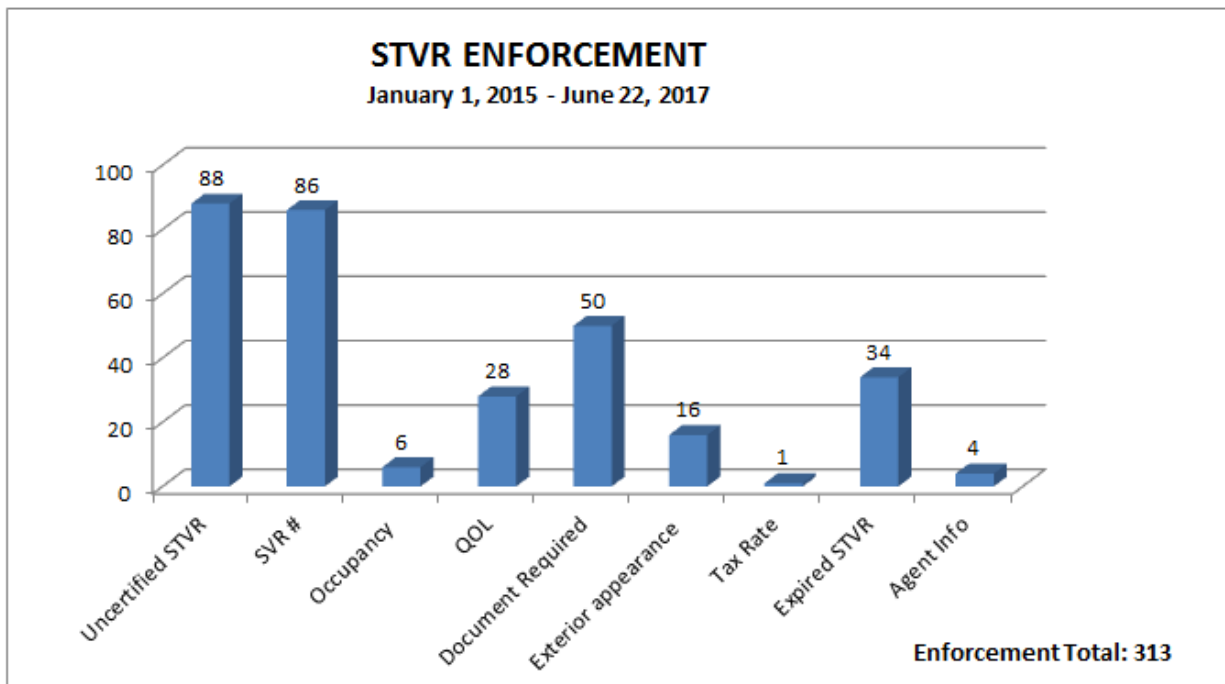
To date, TMAD has received 112 complaints since the short-term vacation rental ordinance came into effect in January 2015. In order to issue a citation when a complaint is received, a full investigation must occur to determine if a legitimate City code violation occurred.

Anecdotal information is more difficult to address because it requires research to determine if a particular concern has merit. Only then can staff determine if the matter requires some type of action. When the licensing and zoning ordinance were developed, staff had no information to reference because the use did not legally exist. Given the few complaints, it appears that the ordinances are effective and the use, on the whole, is well managed.



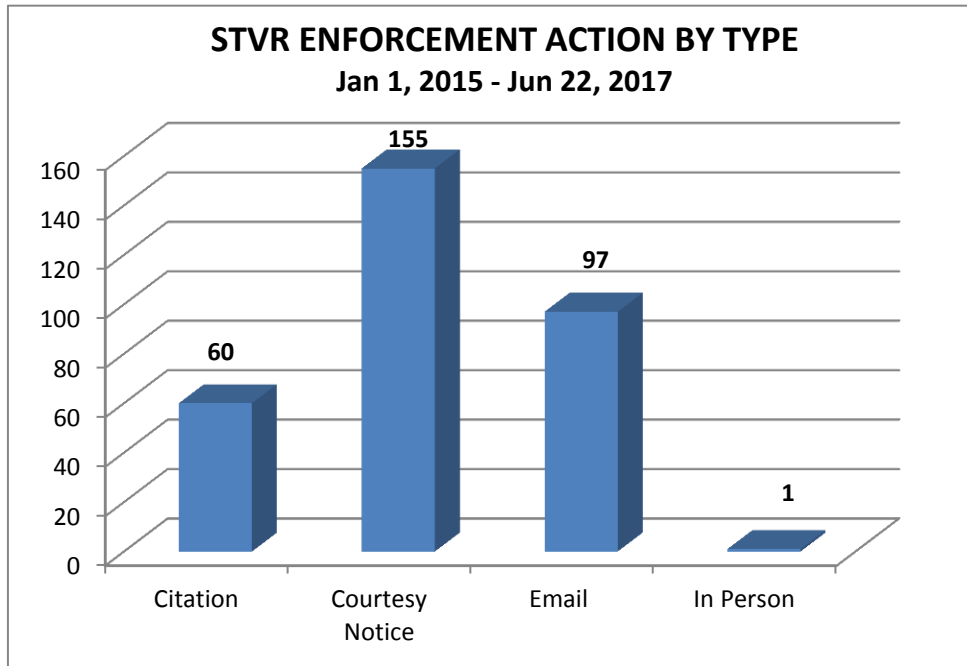
ENFORCEMENT

Enforcement efforts resulted in 313 issues identified for correction. Roughly 39% of the most frequent compliance issues were properties without a short-term vacation rental certificate

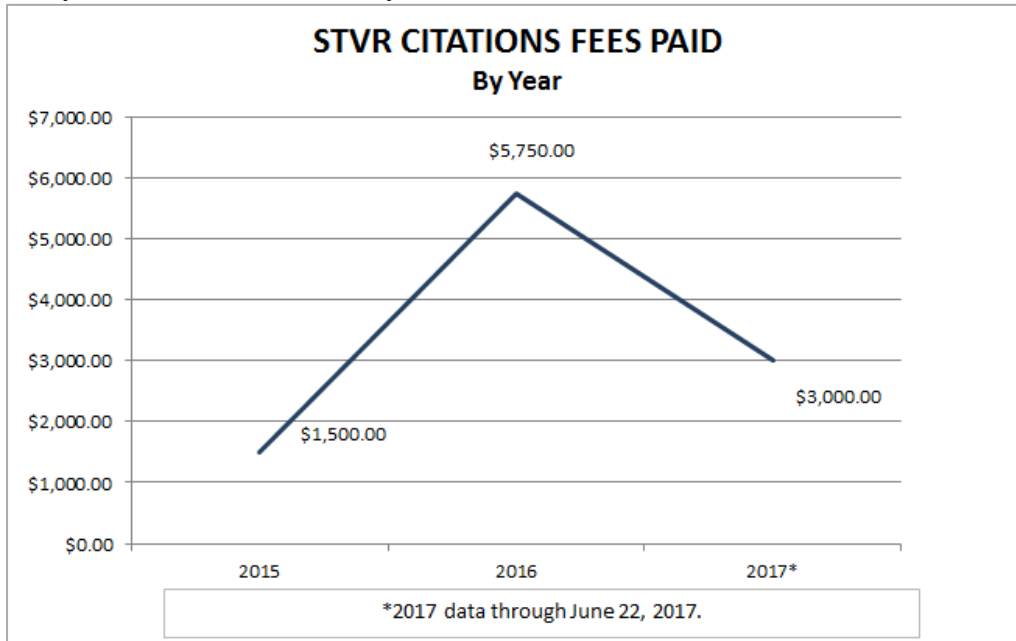


and advertisements without a short-term vacation rental certificate number posted.

The chart below indicates 81% of short-term vacation rental enforcement was resolved via courtesy notice, email or in person with the remaining 19% resulting in the issuance of citations. The enforcement team facilitated 80% of the citations while the remaining 20% were from citizen reported complaints.



Enforcement resulted in fines totaling \$10,250. Citations will be on pace to be approximately the same in 2017 as they were in 2016.



Please note, these numbers do not represent the short-term vacation rentals operating in non-permitted zoning district. As of June 28, an estimated 26 illegal short-term vacation rentals are in operation representing three different property owners. These numbers fluctuate based on web-based advertisements and requires daily monitoring. Nine cases are currently in Recorder's Court.

HOTEL/MOTEL TAX REVENUE

In 2015, the Revenue Department transitioned to a new software program called “Govern” to better perform administration functions, more efficiently process taxes and payments, and manage delinquencies. While setting up the system, it was programmed to track and monitor the business tax certificate account numbers and the amount of monthly hotel/motel tax being remitted for short-term vacation rentals.

Based on State code, short-term vacation rentals are required to remit the hotel/motel tax. In 2016, hotel/motel tax collections totaled \$19.5 million. Of these funds, approximately 4.3% came from short-term vacation rentals. From January 1, 2017 through June 29, 2017, the collections for the use represented 5.5% of the hotel/motel taxes collected.

SHORT-TERM VACATION RENTAL ORDINANCE REVIEW PROCESS

In early 2017, the City launched a process to address concerns about the growing short-term vacation rental industry’s impact on residents and the community. The goal was to examine the use, identify issues, and propose mutually agreed upon revisions to the existing regulations.

Note the process did not focus on expanding the use nor did it focus on the rental of a bedroom in an owner-occupied home referred to a bed and breakfast homestay. It only considered the rental of an entire dwelling unit in the areas where the use is currently permitted.

In March and April 2017, individual meetings were held with stakeholders to include the Downtown Neighborhood Association, Victorian Neighborhood Association and Mid-City District. Additional meetings were held with Share Savannah, which represents five local short-term vacation rental management companies, Short-Term Vacation Rental Owners Association, Tourism Leadership Council and Expedia/HomeAway. Meetings were also held with concerned citizens about possible changes to the regulations.

Based on feedback from stakeholders and to accommodate the needs of residents, short-term vacation rental owners, property management companies, and the community at large, the City broke down the use into two key areas. The first was growth management and concentrated on the zoning regulations and methods to manage the growth of the use. The second area was administrative enhancements and focused on the short-term vacation rental ordinance and methods to improve operations.

On May 16, 2017, City Council was provided an update on short-term vacation rentals and an outline of the process. The timeline of submitting a report to the City Manager in mid-June and providing recommendations for the City Council meeting to be held on July 6 was also shared.

In May and June, eight public meetings were held with representatives from the stakeholder groups and citizens with a total of 333 persons participating. At each session, participants were reminded of the timeline and the need to build consensus on the recommendations. If agreement was not reached, recommendations would be drafted by staff for City Council consideration.

During June, National Trust for Historic Preservation issued a position statement on short-term vacation rentals for communities within historic districts and neighborhoods (Attachment D). A resolution imposing a temporary 90-day stay on short-term vacation rentals was also introduced to City Council and deferred to June 22 and a second time on July 6.

This portion of the report outlines the proposed revisions to the zoning ordinance and regulatory code for the short-term vacation rentals based the feedback gathered during the review

process. Stakeholders are on-board with many of the administrative enhancements. In the growth management section, staff is making a recommendation on behalf of stakeholders in areas where consensus was not reached.

ADMINISTRATIVE ENHANCEMENTS RECOMMENDATIONS

During the deliberations, discussion focused on methods to mitigate the impacts created by short-term vacation rentals. The recommendations proposed will result in revisions to City Code, Chapter 11, Short-term Vacation Rentals. Specific changes to the existing ordinance include:

- Requiring insurance documentation indicating the dwelling unit is used as a short-term vacation rental
- Modifying exemplar rental agreement to include:
 - Maximum occupancy and off-street parking location
 - Post exemplar rental agreement in short-term vacation rental property
- Posting exemplar rental agreement on any website where the short-term vacation rental property is advertised
- Requiring the property owner of a condominium, as defined by State law, provide a copy of the condominium declaration approving the use of the premise for short-term rentals
- Revising ordinance to notify owners of record who are adjacent to an initial short-term vacation rental. Certificates will not be issued until this process is completed and will be completed by the applicant. Notification will include:
 - Address of the proposed short-term rental
 - Location of proposed on-site parking
 - Occupancy requirements
 - Copy of the short term vacation rental house policies
 - Name of property owner
 - Name of rental agent company and contact info

A copy of the redlined version of the Chapter 11, Short-term Vacation Rentals is in Attachment E.

BEST PRACTICES

Through the review process, additional topics were discussed related to administrative enhancements. It was determined these items did not need to be incorporated into the ordinance and instead are recommended strategies to better manage short-term vacation rentals.

- Create additional guidelines for best practices and provided to property owner and rental managers during application process:
 - Have rental agent meet at least one occupant on the day of arrival to ensure that the exemplar rental agreement are understood, and verify occupants represented themselves correctly; Have occupant initial exemplar rental agreement when meeting
 - Use photos in exemplar rental agreement to show exterior appearance of house, location of parking and trash receptacles

- Consider utilizing automatic timers for lights inside the unit and on front porch
- Consider utilizing noise monitoring companies
- If there are issues with trash, short-term vacation rental owner may request an additional trash receptacle for \$25. The City will issue citations for valid sanitation code violations.
- The City will create an online form for property owners and rental agents to report complaints including:
 - Date and time of complaint
 - Short-term vacation rental address and certificate number
 - Nature of complaint and resolution
 - Rental agent name and contact
- The City will post information on the exemplar rental agreement required of all short-term vacation rentals on website to ensure rental occupants understand the need to respect staying in Savannah
- The City will create a brochure and distribute to ward captains/neighborhood associations outlining:
 - Requirement of short-term vacation rental agent
 - Remittance of hotel/motel taxes
 - Enforcement information
 - Reporting problems
 - Link to map of registered short-term vacation rentals

TIMELINE FOR IMPLEMENTATION

It is recommended these changes occur within the next 30-days according to the following timeline:

- Revisions to the Chapter 11. Short-term Vacation Rentals
 - First Reading: July 20
 - Second Reading: August 17
- The City will work with stakeholders to establish best practices, post an online complaint form, add information on the exemplar rental agreement on the City’s website and create a neighborhood brochure by August 4.

GROWTH MANAGEMENT RECOMMENDATIONS

During the discussion with stakeholders, conversations were divided on ways to better manage the growth of short-term vacation rentals in the areas where they are currently permitted. Topics ranged from occupancy, caps and grandfathering. Note any changes will occur as text amendments in the Zoning Ordinance where the use is currently defined along with standards. Any of these revisions will need to be considered by MPC prior to City Council approval. Additionally, short-term vacation rental revisions will be incorporated into the NZO as the document is finalized.

OCCUPANCY

When discussing occupancy requirements, consensus was reached to reduce the maximum number of occupants staying in a short-term vacation rental. The current Zoning Ordinance provides as follows:

The number of occupants shall not exceed two (2) adults per bedroom plus two (2) adults for each dwelling, subject to the verification of building code compliance by the Zoning Administrator.

The proposal is to continue to allow a maximum of two adults plus an additional two adults in one bedroom short-term vacation rentals. However, the change will limit the number of adults to two persons per bedroom for short-term vacation rentals with two or more bedrooms.

Once this change is adopted, a projected 20% reduction in the number of persons staying at a short-term vacation rental will occur as outlined in Table 1.

TABLE 1: ALLOWABLE VS PROPOSED ALLOWABLE MAXIMUM OCCUPANCY RATES				
# of bedrooms	# of STVR units	Current Allowable Max. Occupancy	Proposed Allowable Max. Occupancy	% Reduction in Occupancy
1 bedroom	468	1,872	1,872	0%
2 bedrooms	404	2,424	1,616	33%
3 bedrooms	192	1,536	1,152	25%
4 bedrooms	54	540	432	20%
5 bedrooms	10	120	100	17%
6+ bedrooms	11	164	142	13%
TOTAL	1,139	6,706	5,360	20%

The existing definitions for short-term vacation rentals will need to be amended to reflect the change in occupancy. Sections 8-3025(a)(14a)(a), 8-3025(b)(9d)(a), 8-3028(d)(8a)(a), and 8-3217(5)(a) of the Zoning Code will be revised to state:

The number of occupants shall not exceed ~~two (2)~~ four (4) adults for a one bedroom dwelling unit or per bedroom plus two (2) adults per bedroom for ~~each a~~ each a dwelling unit with more than one bedroom, subject to the verification of building code compliance by the Zoning Administrator.

CAPPING LIMITATIONS

Limiting the use was discussed. The idea of having an owner-occupied provision for any short-term vacation rental property in the more residential districts was not supported by the industry. Capping the number short-term rentals in a ward was considered. Consensus was not reached on how the cap would be calculated nor the percentage of the cap. The residents advocated for a 15% cap while the short-term vacation rental industry prefer a 35% cap. Since consensus was not reached with stakeholders, staff is recommending the following short-term vacation rental use conditions from the City:

For a short-term vacation rental use regulated under Chapter 11, Sections 8-10010 through 8-10018, no more than 20% of the total number of property identification numbers located within any ward in the following districts may have non-owner occupied vacation rental permits:

- Historic District: RIP; RIP-A-1; RIP-B; RIP-B-1; RIP-C; RIP-D; and I-P; R-D;
- Victorian District: 1-R; 2-R; and 3-R; and
- Mid-City District: TN-2.

Owner-occupied property refers to real property which contains one or more dwelling units where the primary dwelling unit must be occupied by the property owner and constitute his/her primary and usual place of residence. The dwelling units must share the Property Identification Number assigned by the Chatham County Board of Assessors. Proof of owner-occupancy requires either proof of a valid homestead exemption or a sworn affidavit submitted with the application for a short term vacation rental certificate.

The following districts will be exempt from this provision:

- Historic District: B-B; B-C; B-C-1; B-G; B-H; R-B-C; and R-B-C-1;
- Victorian District: 1-B; 2-B; and 3-B; and
- Mid-City District: TC-1 and TC-2.

Note staff has requested that the attorneys involved with deliberations provide a proposal as to the method of quantification as well as discussion on the legal defensibility of imposing a cap. These reports must be vetted by the City Attorney's Office prior to moving forward with this particular recommendation. Additionally, staff will develop an implementation policy for the 20% cap specifying the final ward limits, waiting list process and other administrative items.

GRANDFATHERING OF NON-CONFORMING USE

Concern was raised during the process on the status of a short-term vacation rental property when it no longer offers rentals or the property transfers ownership. For this use, it is proposed that the ability to re-establish the property as a certified short-term vacation rental property would be reduced from twelve months to six month. After the six month period elapses, the property owner may use the dwelling unit as a short-term vacation rental provided the dwelling is owner-occupied. This would require the following revisions to Section 8-3133:

Sec. 8-3133. Limitations on use of land or building by nonconforming uses.

The following limitations shall be placed on the use of a tract of land or the use of a building by a nonconforming use:

- (a) A tract of land which has housed a nonconforming use shall not be reopened to a nonconforming use after it has remained vacant for a period of six months.
- (b) A building which is designed to house one or more of the conforming uses in the district in which such building is located shall not be reoccupied by a nonconforming use after it has been vacant of a nonconforming use for a continuous period of 12 months. Evidence that a building has been occupied by a nonconforming use shall be either by a business license from the city or sworn affidavit.

(c) When a building was designed and constructed to house a nonconforming use, then there shall be no time limit for reoccupying such building with a nonconforming use. However, when such building was last occupied by a conforming use, it may be occupied by a nonconforming use only with the approval of the board of appeals.

(d) Notwithstanding the foregoing, upon the transfer of title of a residential dwelling that maintained a short-term vacation rental certificate at the time of transfer, such dwelling can be re-established as a pre-existing, non-conforming use in the event the per-ward cap is maximized, if the transferee applies for a short-term vacation rental permit within six (6) months of the date of transfer.

To ensure consistency, Section 8-3133(d) should be referenced in the use condition for short-term vacation rentals.

REVISION TO THE MID-CITY TN-2 ZONING DISTRICT

Another recommendation is to modify the Mid-City Zoning Code in the TN-2 District to provide more flexibility for the use to occur while not changing the owner-occupancy requirement. The revision the Mid-City District (Article K) is proposed to be:

In the TN-2 district, such use is permitted only ~~within an accessory dwelling and only when the principal residence is owner-occupied.~~ where a principal dwelling unit is owner-occupied, another dwelling unit [only one] on the same parcel may be used as an short-term vacation rental.

SHORT-TERM VACATION RENTAL BLIGHT REDUCTION INCENTIVE

Based on feedback received, the City will be exploring an option of creating a blight exemption certificate for short-term vacation rentals. The concept would allow certain number of parcels in blighted areas to be used as short-term vacation rentals. The use may be subject to a sunset period of three to five years after which time the property would no longer be exempt from caps and other applicable short-term vacation rental regulations. The details will be finalized and a recommendation forwarded to the City Manager by August 1.

TIMELINE FOR IMPLEMENTATION

It is recommended the revisions become effective on January 1, 2018 to allow for short-term vacation rental owners and rental agents to recognize existing reservations and provide time to make the necessary adjustments. All other revisions will be immediate upon approval by City Council.

The following timeline is proposed for these changes based on consideration by MPC and City Council:

- Submit Request to MPC: By July 12
- Present to MPC: August 8
- Advertisement of Zoning Revision: August 15
- City Council 1st Reading: August 31
- City Council 2nd Reading: September 14

ADDITIONAL RECOMMENDATION

Trends indicate homesharing will continue to grow. The City will need to establish a system to better monitor the rental of a bedroom in an owner-occupied property—referred to as bed and breakfast homestays. At this time, staff is enforcing regulations for this use and noting several issues to include the use operating in zoning districts where it's not permitted, operating when it is not an owner-occupied dwelling, no business tax certificate and no remittance of the hotel/motel tax. There will be no discussion on expanding this use into other areas of city. This issue will be addressed with a recommendation to the City Manager by August 1.