
Provo City Municipal Council

Council Zoning Committee Meeting Agenda



November 29, 2018, 8:00 AM-9:30 AM

In Attendance: Paul Evans, Cliff Strachan, Karen McCandless, Councilor Harding, Councilor Handley, Councilor Sewell, Councilor Knecht, Hannah Salzl, Brian Jones, Carrie Walls, Bryce Mumford, and Sarah Asay.

Topics for Discussion

- **Presentation by Carrie Walls about how other cities approach short-term rentals**
 - Carrie Walls, Zoning Admin, presented some of the short-term rental information and follow up from the last meeting. (*Presentation found [here](#)*)
 - Showed a map where short-term rental (STR) is allowed, then showed a map provided by the group who came last meeting which showed listings on two AirBnB sites (as of 9/21/18), and said there were others that they didn't check (*see slide*)
 - Gave a picture of Sandy City's STR rules and regulations. Some interesting points (*see slide*):
 - Have rules that owner must live in the home 183 days per year, just over half the year.
 - Owner cannot be a corporation, must be a natural person with 50% ownership.
 - Occupancy limits
 - Bill Peperone said this has been a big issue in Sandy because of the convenience and location to skiing.
 - Gave a picture of Santa Monica, California STR rules and regulations (*see slide*).
 - Gave a picture of Denver, Colorado rules and regulations (*see slide*). Some differences that stood out:
 - Owner can be a corporation, not natural person restriction.

- Allows for tenant using home for STR, not a requirement that you are the owner
 - Have to be insured
- Gave a picture of Boulder, Colorado rules and regulations (*see slide*).
- Brian Jones asked how they regulate limitations on the number of days per year it is used as a STR. Carrie indicated that they use data scraping. Brian wondered if they have records that need to be maintained, Carrie indicated there are maintenance requirements of those who use their homes as STR's.
- Councilor Handley said there must be some kind of benefit, financially, in having flexible rules and regulations on STR's. Whether it be that they increase the sales tax and tourist dollars from the people who come to visit.
- Gave a picture of Garden City (Bear Lake) rules and regulations (*see slide*). She indicated that the whole Bear Lake area has a real issue with the STR.
- Provided a picture of Grand Junction, Colorado STR rules and regulations (*see slide*).
- For Provo City, there are a range of policy topics that need to be considered (*see slide*):

- **A discussion on short-term rentals policy**

- Something that would have to be weighed, as Councilor Handley indicated, would be a cost-benefit analysis. Look at the positive and negative impacts. How will it impact our citizenry? How will it impact those who are snowbirds?
- Councilor Handley also asked about people who are gone from two to six months. He doesn't feel like that kind of timeframe is a disruption, but wondered about the shorter term rentals and the impact on the neighborhood for them.
- Carrie indicated there are policies that need to be established in order to guide the City. There are many STR considerations that need to be appropriately addressed.
- Councilor Handley asked if there were situations where we allowed STR's that didn't have much disruption. More specifically, it was considered whether there were situations where having a STR might bridge the gap for someone needing extra money so they can stay in the home. From what he understands there are a couple of primary areas that need to be addressed: (1) the frequency and (2) number of occupants seem to be the areas that have the biggest impact from STRs.
- Cliff asked about whether research uncovered policies that encouraged long(er)-term rentals than the shorter of the STR rules and regulations.
- Carrie indicated that she looked at New Orleans, they have a tiered STR regulation program. They don't include bed and breakfasts in their STR model.

- Carrie indicated that these STR's take away, and impact the bottom line of hotels and motels, this should also be a consideration.
- Councilor Harding indicated that he's used AirBnB's for destinations, Karen McCandless also indicated there are legitimate reasons these could be a good thing for those who are traveling. BYU sports may have an impact on the demand.
- Carrie indicated that if we do nothing, this will continue to happen, and it is very likely that any legislation we enact will have similar resistance to that we experience with the Rental Disclosure that was enacted.
- Councilor Handley further indicated that the primary areas of focus should be expanded from two areas to three: (1) frequency, (2) number of people, and (3) number of cars are the three primary areas we'll have problems with STR. If we can legislate restrictions to minimize impacts on neighborhoods, he feels like that would be the best approach.
- Councilor Sewell said that having the homeowner involved in decisions of policy would be an important step in creating these rules.
- Councilor Harding said that the areas of impact we target should be our chief consideration. He indicated that in several cities there are a significant number of houses that are being taken over and built solely for the purpose of STR. So, it increases the costs of property and makes it difficult for people to afford new homes when they're competing for some houses against corporations.
- Councilor Handley said whatever legislation is enacted, a focus needs to be on limiting the interest of corporations owning houses in Provo for STR's.
- Cliff said additional considerations for future legislation should be on making it easier to do long-term rentals than STR's.
- Councilor Harding said that if the owner is there at the property, an on-site host, there is value in having that owner on-site to assist with the challenges that their rental puts on the neighborhood.
- Carrie is currently looking at obtaining a data-scraping company to help with the regulation of STR's.
- Councilor Knecht said affordable housing has been something that the Council has been working hard to find solutions. He said that if we make it so that people can rent to tourists, more transient, then we are undermining affordable housing as a priority of the City.
- Councilor Handley said that he thinks there could be a number of reasons these people might need a STR: a lot of these people might be visiting family, and though not part of the community, they may be visiting BYU, there could be a number of reasons they use STR. So, there are a number of considerations we need to consider;

we should try to limit how we tell people they can't use their house, especially if they previously have been using their property in this manner.

- Councilor Knecht informed the Committee that there has been progress on expanding the A&S Overlay. The proposal that has been drafted will allow be expanded to residents to use their house to make money.
- Sarah Asay, owner of Aspenwood Manor, indicated that the STR's in the City have impacted the affordability market. She said the decision to enforce on over-occupancy of the young, single professional community has caused some of these singles to seek out STR's.
- Sarah said that regarding lodging taxes, there are some sites that require lodging tax, but many that don't, so the City doesn't capture all the taxes and fees that we might otherwise. She feels she has a solid grasp on the AirBnB market in Provo.
- Currently the DT, SC, and the Gateway zones are the areas that allow STR's.
- Councilor Knecht said that neighborhoods have a consideration in this as well, feels it needs to be limited to certain areas. Even if we said STR's could be allowed in areas where the A&S Overlay is already placed. There are real issues that come with the STR market, that's why some cities are really clamping down on this topic. Boston and Chicago have become restrictive because of the impact on, and displacement of, residents.
- Councilor Handley said that's what we want to avoid. He feels the frequency, the number of guests, the owner requirement should be regulated really well. This should help minimize disruption. He feels like there is always going to be a market for it, and if we ban all STR's, that market turns to black market. He's not supportive of citywide allowance, however, education on the important elements would be helpful to ensure limited disruption on wherever it is allowed.
- Councilor Knecht said the decision should be given to neighborhoods where we deem it could be placed and let them determine the restrictions we would want to allow them within their neighborhoods. Regulation and enforcement are important, and based on our history residents don't have a lot of confidence in our ability to enforce. We'd have to ensure and show we have a better way to monitor this.
- Sarah Asay again indicated the affordable nature of homes in Provo being one of the largest impacts of this issue and where they are allowed it changes the makeup of the neighborhood.
- Brian said that he had a random discussion with someone he ran into while out at lunch who felt Provo City is overly restrictive. He told Brian that he was going to go out and break the rules as many times as he could so that when Provo City enforced on him he could sue the City. So, from this story he found there is a perception in the mind of some people that whatever restrictions we place, they are too much.

- Councilor Harding said that in his mind these are the primary questions:
 - o Is there value in having STR's on some level in the community?
 - o Do we agree that even if we don't allow it, this will happen?
 - o Are we concerned we'll have a larger impact in some areas? Should we look at allowing it only on collector roads? That would limit and protect the interior communities.
- Councilor Knecht said he lives on a collector and would not want to overload those areas.
- Councilor Harding said he would like to see a map of the county similar to the one shown in the beginning part of the presentation (see slide in presentation) that breaks down all the STR's county-wide.
- Councilor Handley feels like the key issue is the value question that STR's have on a community. He feels some of the restrictions that should be placed are (1) the owner needs to be in the home, (2) length of time requirement, (3) parking issues need to be dealt with, (4) nail down all the issues and put in a formula within software to help us quickly identify violators.
- If we can do this in areas where we currently allow STR's and ensure that data-scraping software works, we can adjust the software to address certain anxieties. Getting answers to questions through current data would help with these anxieties.
- Councilor Knecht said that if whatever we do, makes some of the affordable decisions we've tried to create. If we allow these benefits, and someone sees they can make more money with an STR, we just eliminate that as an affordable action.
- Carrie said we may not want to allow this where we currently allow ADU's. As we may want to spread these affordability benefits, and whether we like it or not, STR's do create an affordability element.
- Councilor Handley said we can limit the amount someone can make if we limit certain elements and that might reduce the ability to use this as a cash cow. He said we won't know the terms of the worry until we know what the regulations will look like. We can do that and see what impact it is (or is not) having and adjust as needed.
- Councilor Knecht said a major consideration is the amount of money.
- Sarah feels like there are three categories of STR:
 - o Home-Sharing – A room within a home is offered instead of the entire home. This is a great idea because it allows people to afford homes and it doesn't transfer to the next owner.
 - o Owner-occupied short-term rentals – This option provides additional privacy from the Home-Sharing option since a person can own their home and create a unit within their house or on their property where someone can stay and

there is separation between the two units with allows renters to take advantage of the privacy.

- Short-Term Home Rentals – This option is where the entire home can be rented without requirement that the owner be present. This option increases the number of people that may stay at a rental. Sarah thinks they aren't helpful to Provo and have a huge impact on affordability in her area. They have the potential to change the character of the neighborhood.
- Sarah feels like you people don't typically use the Home-Sharing option because they think it is fun. She thinks whatever policy is developed should give consideration to these three areas.
- Councilor Knecht said that if you're renting out your whole house, if you're engaged in that business, if we require that they get a Rental Dwelling License that helps us to regulate, so requirement of the Rental Dwelling License would help us in that respect.
- Carrie brought up what she thinks it's important to see that corporations are limited in whatever decision is made. She believes that 51% ownership should be a consideration. We should make the same requirement for an owner and make that the basis for both ADU and STR.
- Councilor Handley asked Carrie to help us come up with a draft to help us come closer to what we want to see this as a definition and regulation. We'll be uncertain if we don't have a standard for the City. There may be debate and shifting around a bit, but that will get us closer to what we want.
- Carrie said that there could be a requirement to have someone, in town, to handle problems and issues immediately should they arrive. It could be a property manager, or family friend, or family member to be contact. This would allow for more responsibility and less impact.
- Councilor Handley said that if we overplay the risks and legislate the risks, we could limit the benefit this could have on our community. We are an incredibly connected community.
- Councilor Knecht said that his first house was in a newlywed/nearly dead ward where you have transiency and a small group of people who are staples in the community. This shapes his perspective. That neighborhood was really impacted by the ADU element. As a newlywed, this helped affordability for him to have the house and students to rent. However, this small group of these staples within the community is severely impacted by the decision of the City to make that area an ADU area. This is why similar consideration should be given to STR legislation. He spoke of the difficulty of trying to get the senior exemption for ADU. This will likely be the experience of the STR legislation.

- Councilor Harding told of a couple that purchased a home that was purchased with an expectation that a home could be an ADU, because the previous owner, who was a senior had used the home as an ADU. So there needs to be education on whatever we do.
- Councilor Sewell asked whether the Home-Sharing is something we want to allow? Are there some residential zones or areas we want to exempt from this? If there are three types of STR's, we should break down where we want Home-Sharing, Owner-Occupied STR's, or Short-Term Home Rentals and break it down by area.
- Councilor Knecht said that he would support this approach and thinks whatever is decide, he recommended we take it to the neighborhoods.
- Carrie told of a person she met who was doing a room-share that was causing people in her neighborhood to be upset. With any issue there are going to be neighbors who are mad and some who are thrilled. So, this may result in a war within neighborhoods.
- Councilor Knecht said that if we don't involve the public, we'll lose public trust. If we do the process right, we may not build consensus, but it leads to understanding.
- Dave Harding said he fears letting neighborhoods decide for themselves. He feels like we should put together reasonable legislation that can be citywide.
- Councilor Kencht said that if we do citywide legislation it will limit participation.
- Carrie said we need to first make decision on some rules and regulations. She wondered whether it might be wise to send this to the Committees and we can then take those suggestions, look at options and dig down.
- Councilor Knecht thinks the best approach would be to decide how we want this to look in the areas where it's legal. When we have a track record, we can expand the areas.
- Carrie agreed, we might be able to look at legislation in those areas and go from there.
- Councilor Handley suggested we could get the data scraping software first and see what is currently happening. If we start enforcing it without data, we may get backlash, and we'll only be addressing part of the problem.
- Councilor Harding said he would like to know of the 240 STR's advertised, how many are in permitted areas, then we communicate that we start cracking down.
- Carrie will get a price on the data scraping for STR. Make sure the properties where it is allowed are compliant, enforce in areas where it is not permitted. Look at these considerations and put draft legislation together.
- Councilor Knecht said that the goal is to have everyone that is renting should have an RDL.

- Sarah said we need to go bigger and then narrow the focus. Carrie said that will be the reality. She'll get started on some legislation and bring it back to the Committee.