

Date: June 13, 2019

To: Planning Commission

From: Mike DeSimone, Director

Re: PC Workshop on Short Term Rentals (STR)

The Planning Commission will be conducting a workshop on the topic of Short Term Rentals at the June 13, 2019 meeting. The purpose of this workshop is to provide some direction for staff in preparing draft regulations of Short Term Rentals that will then come back to the PC and LMC in the formal code amendment process.

Summary

The use of Short Term Rentals (STR) in Logan has slowly grown in popularity over the past few years. A short-term rental is a transient rental accommodation for a period of less than 30 days and typically conducted in a residential dwelling. The Land Development Code does not specifically address STR's as a unique category of use so they are prohibited in the residential zones. There appear to be approximately 30 STR's operating in Logan city limits at any given time depending upon which host site or search mechanism one uses. The Utah State Legislature has been involved in local jurisdictions efforts to regulate STR's by prohibiting a local government from using an on-line host service as a means to identify and enforce against STR's operating in their community. We have received few complaints about STR's operating in the residential neighborhoods.

What is a short-term rental?

A short-term rental is a transient rental accommodation, typically within a single family residential dwelling (but not always), that is rented out for a period of time not exceeding 30 days. This short-term occupancy is different from a traditional rental (long term occupancy) where the term of rental is longer than 30 days.

What are the different types of short-term rentals?

STR's are generally found in residential neighborhoods and can be categorized into one of two types: A guest rents a spare bedroom for less than 30 days in a dwelling occupied by the property owner (host) as their primary residence; or a guest rents an entire dwelling owned by an off-premise property owner and which is not that property owners' primary residence. A variation of the second type is that a property owner constructs a small accessory dwelling unit on their property and rents that out as an STR. STR's are also found in the commercial zones and generally involves an apartment that is rented out for less than 30 days.

What are the issues associated with a short-term rental?

Pros:

- A short-term rental may contribute supplementary financial assistance to homeowners, especially elderly homeowners on fixed incomes, enabling them to stay in their homes longer;
- STR's make efficient use of space in a home that is otherwise empty or may go unused;
- STR's enable travelers to find less expensive alternatives to a traditional lodging such a hotel room;
- STR's provide a unique "experience" for both host's and guests that may not be available in more traditional forms of lodging (e.g., hosting international guests or guests experiencing a unique residential neighborhood);
- Owners or hosts are able to maximize the economic potential of their property by renting out unused bedroom space;
- Provide additional lodging during peak demand events;
- Help keep properties from being blighted; and
- Individuals utilizing STR's may end up staying longer and spending more money in the communities in which they stay.

Cons:

- Short-term rentals can have an adverse impact on neighborhood character as the residential nature of a neighborhood changes from long-term neighbors with a vested interest in their neighborhood to short-term or transient "guests" who don't share the same the long-term interest;
- STR's can create a number of nuisance problems involving loud music, parties, trash, inconsiderate guests, excessive traffic, inadequate parking, along with the commercialization of residential properties for private events;
- STR's may not pay their fair share of local taxes (lodging taxes) nor do they have the same licensing, inspection and accountability as do more traditional forms of transient lodging;
- STR's in a "college town" are problematic in that they could be viewed as a tool to circumvent student occupancy limitations; and
- STR's can negatively impact the availability and affordability of the housing stock by removing available residential units from the long term housing market and driving up the cost of existing units as residential values become more commercialized due to the STR revenue potential.

What do other communities do?

Because STR's are a relatively recent phenomenon, many jurisdictions have not adopted any specific regulations for STR's and, as a general rule, have prohibited STR's in the residential zones because they are considered transient lodging. This is similar to Logan in that we do not permit short term or transient rentals in the residential zones. In reality, most jurisdictions operate on a complaint based code enforcement system which results in many STR's operating throughout their community. The regulation of STR's has been an important discussion topic at a number of recent planning conferences as some of the larger cities with a significant tourism base (New Orleans) have begun adopting more stringent regulations.

Some jurisdictions permit a STR where the owner occupant just rents out a spare bedroom of their house while others permit the rental of an entire dwelling without the owner present. Other cities limit the concentration of STR's or the total number of STR's citywide. For example, the City of Hurricane (UT) permits STR's with a limitation that a STR cannot be located within 300' of another STR, and in their residential zones, they will only license 3 STR's per 1,000 of population limiting the total number of STR's citywide.

Proposed Approach for Discussion

Here is a proposal to at least start the discussion.

First, recognize that STR's are a transient rental accommodation, typically occurring within a single family residential dwelling, and typically with rental periods lasting days involving different parties at different intervals (less than 30 days). This short-term occupancy is different from a traditional rental (long term occupancy) where the term of rental is longer than 30 days.

Second, classify and regulate STR's by type:

- a. *Type 1 Short-Term Rental*: a short-term rental in a dwelling that is the owner's principal residence where rooms are rented and the owner is personally present at the dwelling during the rental period.
- b. *Type 2 Short-Term Rental*: a short-term rental in dwelling that is not the owner's principal residence and is not present during the rental.
- c. *Type 3 Short-Term Rental*: a transient short-term rental located in a commercial zone that is not classified as a hotel, motel or bed & breakfast.

Third, determine if & where permitted:

- a. *Type 1 STR (owner occupied)*: view the STR as an accessory use to the underlying residential use and allow in all residential zones subject to licensing, operational & inspection standards.
- b. *Type 2 STR (non-owner occupied)*: either prohibit these in all residential zones or only allow in neighborhood residential zones through the CUP process and subject to licensing, operational & inspection standards. Do not permit in Mixed Residential zones.
- c. *Type 3 STR (commercial)*: a transient short-term rental located in a commercial zone that is not classified as a hotel, motel or bed & breakfast. Allow subject to licensing, operational & inspection standards.

Fourth, determine how these are permitted:

- a. *Type 1 STR (owner occupied)*: annual business license that includes annual inspection. Initial business license to include surrounding property notification.
- b. *Type 2 STR (non-owner occupied)*: CUP, annual business license, annual inspection on business license renewal.
- c. *Type 3 STR (commercial)*: annual business license.

Fifth, determine the operational standards:

1. Maximum Occupancy.
 - a. *Type 1 STR*. The maximum occupancy of a Type 1 STR is the original homeowners plus two (2) additional occupants.

- b. *Type 2 STR*. The maximum occupancy of a Type 2 STR is either a “family” as defined in the Land Development Code or three (3) unrelated individuals.
 - c. *Type 3 STR*. The maximum occupancy of a Type 3 STR is either a “family” as defined in the Land Development Code or three (3) unrelated individuals.
- 2. **Management**. As part of the STR licensing required under LMC Title 5, the owner shall designate a local contact available to respond to the short-term rental within 30 minutes. The contact name & phone number shall be posted in a prominent place inside of the dwelling together with a copy of the short-term rental license.
- 3. **Off Street Parking**. In addition to the minimum parking requirements established in Chapter 17.31 (2 off-street parking stalls per residential unit), each STR shall provide one additional off street parking stall.
- 4. **RV Parking**. Recreational vehicles, trailers, boats, ATV's, or similar vehicles shall not be parked on the site or the public right of way adjacent to the short-term rental.
- 5. **Nuisances**. The STR is subject to the City's nuisance ordinances regarding noise, garbage, etc. More than three (3) violations within a calendar year may result in revocation of the short-term rental license.
- 6. **Animals**. The number of household pets is limited to the number allowed for a single-family home.
- 7. **Single Contract**. A STR may not be the subject of multiple rental contracts for the same night or nights, nor shall an individual be issued multiple rental contracts for consecutive rental periods of less than 30 days. (wording??)
- 8. **Building Codes**. A STR shall comply with all applicable local and State Building, Health, Fire, Safety, and Maintenance Codes.
 - a. Any basement bedroom shall comply with current Building Codes egress window size and location requirements regardless of when the structure was built; and
 - b. A short-term rental shall be inspected upon initial license application under LMC Title 5 by both the Logan City Building Official and the Logan City Fire Marshal.
- 9. **Signage**. Signs are limited to a single sign, no larger than two (2) square feet and shall be mounted on the building. No sign shall be illuminated. No banners, window signs, posters, flags, exterior lighting or other attention getting devices shall be permitted. Signs shall not be painted in or on windows, and shall not be mounted in a window. Signs shall not be freestanding.
- 10. **Public Notification**. Notice to the surrounding properties for all STR's is required at the time of initial license application. Subsequent license renewals do not require additional public noticing.
- 11. **Separate Structure**. A detached, accessory structure shall not be used for any STR.

Sixth, other considerations.

- 1. **Minimum Distance Between STR's**.

- a. Type 1 STR. Any proposed Type 1 STR shall not be located within 300' of another licensed STR.
- b. Type 2 STR. A proposed Type 2 STR shall not be located within 300' of another licensed STR.
- c. Type 3 STR. No limitation.

2. Density of STR's Citywide.

Draft Use Tables

17.08 Residential Use Table

LAND USE	Neighborhood Zones									
	NR-2	NR-4	NR-6	MR-9	MR-12	MR-20	MR-30	CR-40	NC	RC
Residential Uses										
Type 1 Short Term Rental	P	P	P	P	P	P	P	N	N	N
Type 2 Short Term Rental	C	C	C	C	N	N	N	N	N	N

17.11 Commercial Use Table

Land Use	Districts & Corridors								
	TC-1	TC-2	COM	MU	CC	GW	CS	IP	AP
Residential Uses									
Type 3 Short Term Rental	P	P	P	P	P	N	N	N	N