

Kearns PC Discussion of Short-Term Rentals

MSD Long Range Planning
September 12th, 2022



Preliminary Discussion on Short Term Rentals in Kearns

- Purpose
- Definitions
- Current State of STRs in Kearns
- State Code Related to STRs
- Regulation in Other Municipalities
- Positive and Negative Impact Considerations
- Next Steps



Purpose

Kearns is currently undergoing a comprehensive re-write of its municipal codes. As a part of discussions around this re-write, the Planning Commission asked staff to investigate short-term rental policy and provide information that may help the community decide how to address short-term rentals in the future.

Key Terms

Short Term Rental (STR): means a residential unit or any portion of a residential unit that the owner of record or the lessee of the residential unit offers for occupancy for fewer than 30 consecutive days (State Code).

Accessory Dwelling Unit (ADU): means a self-contained dwelling unit located on or within an owner-occupied property and are limited to detached ADUs and IADUs (Kearns Code). Short-term rental use of these units is prohibited.

Transient Room Tax (TRT): tax paid by a guest who rents an STR for fewer than 30 consecutive days. The tax includes accommodations in hotels, motels, inns, tourist homes, trailers, courts, or campgrounds. Municipalities may impose a TRT on temporary lodging of up to one percent. Counties may also impose a county-wide TRT on temporary lodging of up to 4.25 percent (Utah Department of Workforce Services).

Existing Code Concerning STRs in Kearns

- Title 5 **requires a business license** for any short-term rental
- Title 19 limits short-term rentals to a **maximum of 4 bedrooms** and requires that the use maintains the **appearance of a residential dwelling**
- Title 19 lists short-term rentals as a conditional use in all FM and FR Zones, none of which apply in Kearns. Therefore, **STRs are effectively prohibited by zoning**

STRs on the Ground

- **8 STRs currently exist in Kearns** (searching AirBnb and VRBO listings)
- Units appear to primarily be new construction or recently remodeled interiors
- Prices range from **\$87 to \$399** per night depending on unit and season
- Hosts highlight local and regional amenities including USANA, KOPFC, Olympic Oval, Jordan Landing, downtown SLC, Bird E-Scooters, and mountain views



What Authority does Kearns have to Regulate STRs?

- **Municipalities are permitted to regulate STRs and can prohibit the use outright if desired**
- **Municipalities can impose the Transient Room Tax (up to 1%) on STRs, plus business license fees**
- Other communities regulate:
 - Total number of STRs (quota) allowed in municipality
 - Which zones STRs are allowed in
 - The max number of nights a unit can be rented per year
 - Whether the owner has to live on-site
 - Permitting and licensing processes associated with STRs

Example of Potential Revenue for Regulated Units

8 units x \$150 business license fee = **\$1,200**

8 units x [Average Nightly Rate, \$243] x 100 nights per year x 1% TRT = **\$1,944**

Example Total = \$3,144 annual if all existing units come into compliance and no new units are added



Kearns could strategically set STR revenue aside for specific purposes such as beautification (banners, paint, landscaping) or affordable housing initiatives (like home repair loans)

What Authority does Kearns have to Enforce STR Regulations?

- **The State prohibits municipalities from bringing enforcement on a STR based on a listing alone** (i.e. the municipality cannot use websites like VRBO to find units in order to bring enforcement on them)
- Enforcement can occur based on neighbor complaints, etc.
- Municipalities **can use listings to identify units and send information about the municipality's ordinances**
- The State does encourage the municipality to incentivize compliance. For example, the municipality could waive permitting fees for pre-existing STRs that come into compliance with code

Consideration of Potential Impacts



- Can expand household income, allowing residents to afford their homes (maybe just a portion of the property is used as a vacation rental)
- **May improve the image of the community: highlighting tourism spots, showcasing best features, giving more people the opportunity to visit**
- Increased lodging options for tourists
- Increased revenue for local businesses and potentially for the municipality
- Home and yard upkeep (owners generally keep units nice in order to facilitate better business)



- **May take away housing stock that would otherwise be available for existing and potential residents**
- Enforcement of STRs is difficult
- Municipality may see an increase in noise, parking, trash complaints
- Residents often fear that STRs lead to less neighborliness or opportunity to get to know fellow community members

Note that some negatives could be mitigated to a certain degree through ordinance.

How do Residents Feel About Short-Term Rentals?

- Not an issue that was raised by residents during the General Plan process
- During the 2022 Moderate Income Housing Update engagement, **residents did raise concerns about speculators buying homes and renting them out rather than living in Kearns**
 - Participants also expressed a desire for more yard maintenance and clean-up and an influx of arts, culture, activities; these things could potentially be promoted through a robust STR ordinance that encourages visitation and upkeep
- **Targeted outreach with residents and existing / potential owners is needed to understand community sentiment toward STRs**

Recommended Next Steps



Research: PC may direct staff to conduct further research or answer additional questions as needed

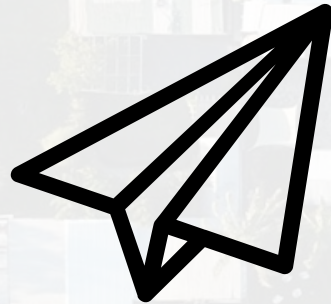


Engagement: Targeted engagement should occur with residents and existing / potential owners to determine whether STR policy would be supported



Discussion: Following research and engagement, discussions should occur with PC, Council, Staff, and Legal Team to determine next steps and desired outcomes

Contact



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Resources Utilized

- Air BnB search of Kearns area (flexible dates, 1 adult)
- Air BnB search of Sandy City area (flexible dates, 1 adult)
- VRBO search of Kearns area (flexible dates, 1 adult)
- Sandy City STR Presentation: <https://content.civicplus.com/api/assets/c360f7aa-0536-4b02-98df-5214cf0ec3c9>
- Utah Workforce Services: Short Term Rental Policy & Best Practices: <https://cdotoolbox.files.wordpress.com/2019/11/short-term-rentals-guide-final-10.29.2019.pdf>
- State Code on STRs: https://le.utah.gov/xcode/Title17/Chapter50/17-50-S338.html?v=C17-50-S338_2017050920170509
- Gehrke Article for the Tribune: <https://www.sltrib.com/news/homeprices/2021/07/12/renters-are-losing-out/>
- Kem C Gardner Policy Brief on STRs: <https://gardner.utah.edu/wp-content/uploads/ShortTermRent-PB-Jun2022.pdf?x71849>
- Kem C Gardner Blog on STRs: <https://gardner.utah.edu/blog-the-good-the-bad-and-the-ugly-addressing-utahs-short-term-rental-market-growth/>
- Summit County Staff Report on STRs 2022: <https://summitcounty.org/DocumentCenter/View/19267/Staff-Report-Short-Term-Rentals?bidId=>
- APA Utah Presentation on STRs (State Ombudsman's Office, September 2022)