

Staff Report

SHORT-TERM RENTALS ADDITIONAL INFORMATION

November 13, 2018

BACKGROUND:

At the October 23, 2018 meeting, the Council directed staff to bring back additional information regarding short-term rentals. [The original report can be viewed at this link.](#) Specifically, City Council asked for information regarding the following issues for the November 13th meeting:

- How short-term rentals of multi-family apartments and condominiums might be categorized as STR as compared to Single-Family and Two-Family dwellings; and
- Use of Mary Greeley Hospital properties within the S-HM Zoning District as short-term rentals and other possible short-term rental properties within S-HM.

MULTI-FAMILY APARTMENTS AND CONDOS:

The originally proposed STR classification system did not include multi-family dwellings within the range of allowed types due to distinctions between household living and lodging uses and concerns about occupancy levels with additional “guests.” The potential complication of compliance monitoring of tenant relationships and guests is also outside of the City’s normal scope of review for rental properties.

For the purpose of zoning classifications, condominiums are not a residential dwelling type, they are an ownership mechanism for any type of property. Condominiums would then be a subset of another building type, such as apartment building or a single-family dwelling. Allowing for the STR use within multi-family dwelling types would be a substantive change to proposed classifications due to the different types of zoning and areas of the City with apartments compared to single and two-family dwellings.

During staff’s recent inventory of Airbnb listings (Attachment A-Summary of Listings), 14 listings self-identified as apartments and 2 as condos (or 31% of the total listings). Although, Airbnb requires the host to self-identify the type of accommodation, it is difficult to accurately determine such things as the number of student hosts or who might be subletting an apartment from a general review of listings. If Council does not include allowances for STRs for apartments, property owners would be subject to potential citation for allowing a use that is not permitted by zoning. Landlords would need to monitor their tenant activities at a higher level to avoid potential citations.

City Council would need to consider allowing the full range of STR options or specific categories, such as hosted home share vs. vacation rental. The question becomes would the allowance for STRs be appropriate for primary residents vs. the owner’s primary residence,

allowing for STRs on a per unit basis or for an overall site, and would special use permits be required for each dwelling used as a vacation rental or just for the site. Depending on the direction regarding these types of issues, operating an apartment building under proposed STR classifications would potentially change the character of the use of apartments to be more like short term lodging or group living arrangements due to the potential number of transient guests.

Additionally, City Council would need to provide direction on who could be an authorized applicant. The current draft ordinance requires the property owner to be the applicant. City Council could choose to allow apartments with the property owner signature as the applicant consistent with current proposed STR structure. If the City Council wishes to encourage STR with apartment dwellings or condos, the signature requirement would need to be revised to allow the “primary resident” to act as host and applicant, rather than the property owner. This is a departure from the structure of the proposed STR categories for single and two-family properties, which do not permit the primary resident to be the applicant.

Staff believes that if STRs are allowed in apartments, then requiring the same permitting process as a single-family dwelling is not needed due to fewer compatibility concerns within high density neighborhoods and that a landlord can monitor the actions of the tenants and control subleasing through their own leases. Apartments located in lower density areas such as RM and UCRM or sites adjacent to single family should still be subject to the same process as one and two-family dwellings due the neighborhood conditions.

If Council decides to move forward with apartments as STRs, any related Zoning Ordinance changes would need to be reviewed by the Planning and Zoning Commission before action by the City Council on a draft ordinance that allowed for apartment STRs.

HOSPITAL-MEDICAL ZONING DISTRICT (S-HM):

Three privately owned residential properties with single-family dwellings are located within the Hospital-Medical District (S-HM). They are clustered at 11th Street & Carroll Avenue intersection. Additionally, four residential structures are owned by Mary Greeley Medical Center. Three are located within their property addressed as 1111 Duff Ave., which is the one parcel that includes the Hospital. The other residential structure is located at 1002 Douglas Ave. Hospital staff indicated that these structures have been used for a variety of purposes, including one as an overnight guest house for families of patients. The hospital is currently determining how these might be utilized in the future. They plan to utilize one dwelling for short term housing for staff. Currently, one of the homes is a licensed rental property with the Inspections Division.

Currently, single-family dwellings are a nonconforming use within the zoning district as it is intended as a commercial/medical district. **The zoning allows for an accessory use to a hospital of short term stays for staff, but does not include any other allowances for lodging or residential uses.** Due to these current use restrictions, STRs were not included as a use within this zoning district with the original draft.

Allowing for STRs would require adding Household Living as an allowed use to the zoning district to match the proposed categories of accessory uses and a principal use. To address operation of the Hospital owned properties, changes to the range of accessory uses would be necessary to expand options beyond use for lodging of staff. Considering changes to the allowed uses within the zone and for Hospital related accessory uses would require a

separate text amendment from the STR proposal as it is unrelated to the citywide issue of STR permitting. **A review of these types of potential changes would require review by the Planning and Zoning Commission prior to action by the City Council on adopting an ordinance.**

OPTIONS:

Option #1 – Single Family and Two Family STR Classifications

Staff originally presented the draft standards for one and two-family STRs at the October 23rd City Council meeting. The alternatives presented with October 23rd report were to direct staff to finalize the proposed classifications and to either allow for the use with a one-time permit, as an annual license, or for City Council to provide an alternative direction of classifications and permitting prior to drafting and ordinance and publishing a public hearing notice.

The City Manager's recommendation was to proceed with the proposed zoning classifications with an annual licensing option and to create a new Municipal Code chapter for licensing.

Option #2- Multi-Family Apartments and Condominiums STR Classifications

Allowing for STRs within apartments requires additional direction from City Council for staff to prepare ordinance language for appropriate standards. Additionally, it would require review by the Planning and Zoning Commission before action by Council on approving an ordinance.

Direction is needed regarding the following issues in order to prepare zoning standards:

1. Allow for STRs only within primary residences (condos that are occupied by the owner) or allow for all apartment types regardless of owner-occupied status.
2. Allow for STRs in all apartments in all zoning districts or differentiate between higher density and lower density areas.
3. Require the same permitting process for apartments as single-family and two-family dwellings or exclude licensing for apartments due to rental code compliance.

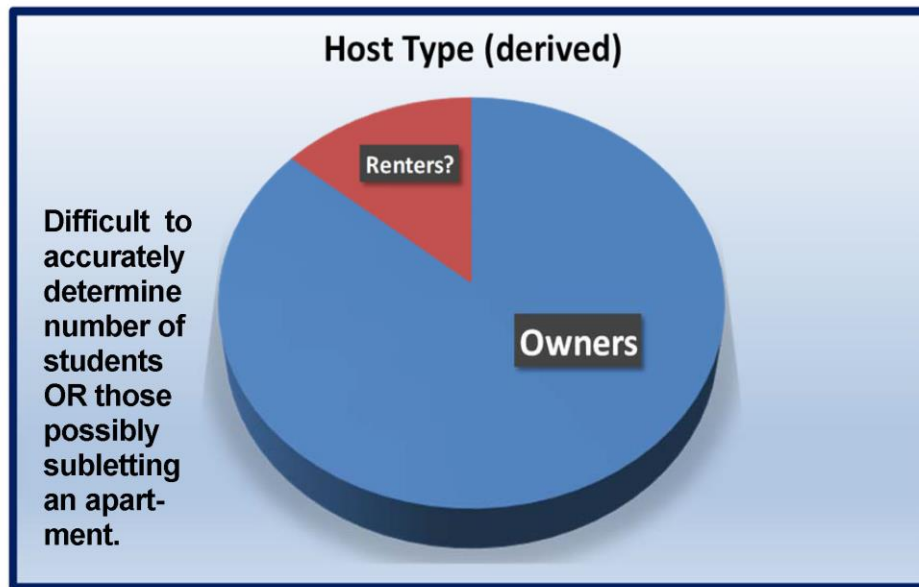
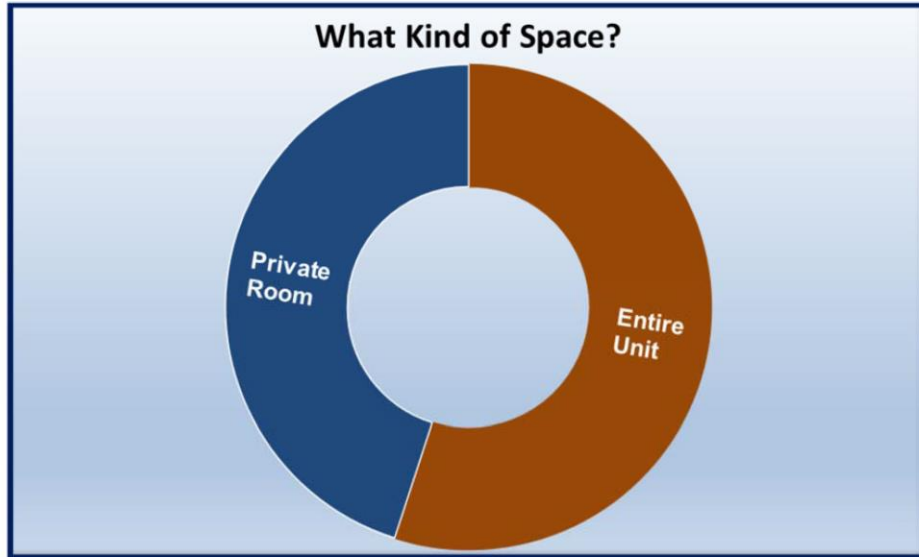
Option #3 - Hospital Medical District STR and Accessory Lodging

Allowing for STRs in the hospital/medical district would require adding new residential uses to the zoning standards. This would allow for STRs within privately owned homes consistent with the standards of other single-family areas of the City. Mary Greeley owns multiple homes in the area and may desire to operate STRs in conjunction with their operations. Allowing lodging as an accessory use would be possible for Mary Greeley without applying the STR categories to other properties in the zoning district. City Council would need to provide direction on how to proceed with allowing for additional uses. Any changes to the allowed use within the S-HM zoning district would require review by the Planning and Zoning Commission prior to action by the City Council on approving an ordinance.

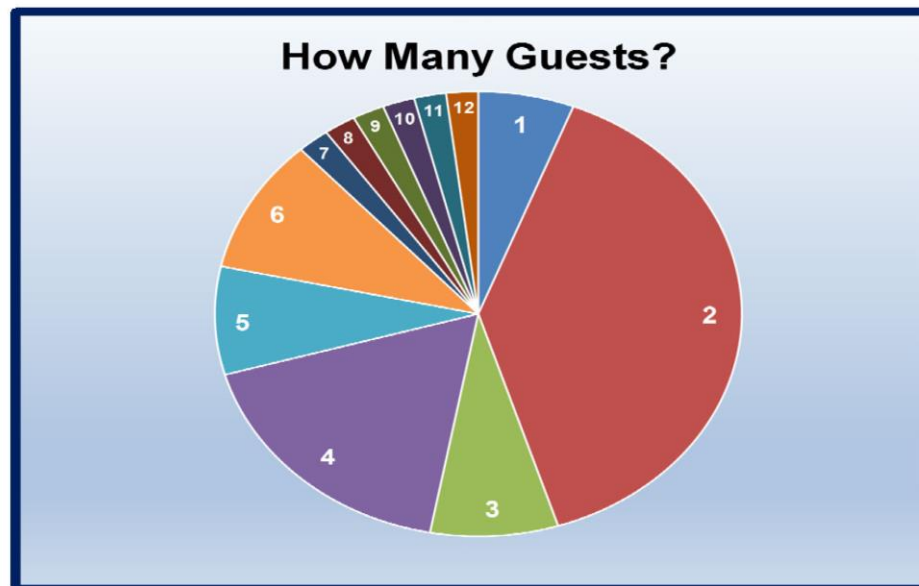
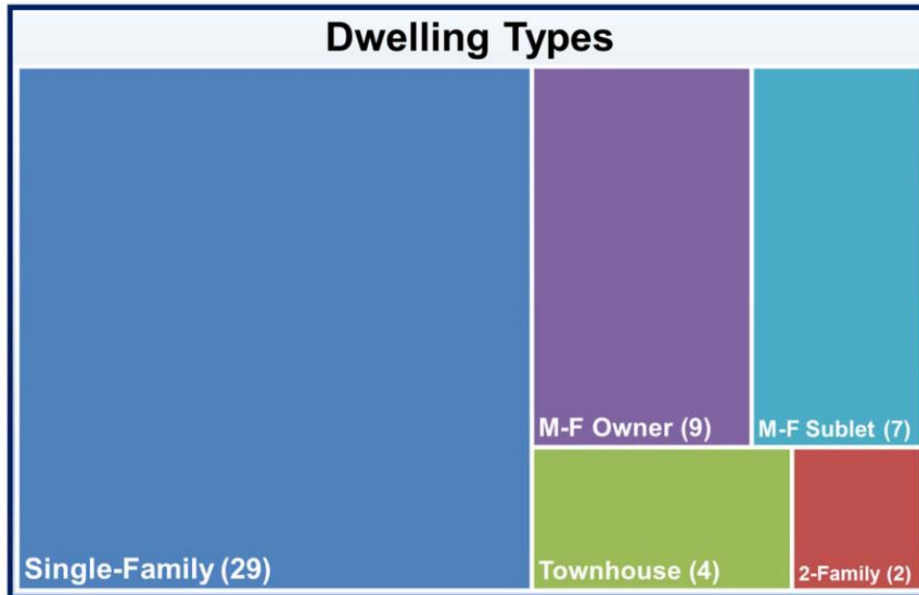
STAFF COMMENTS:

Since the Council delayed any final decision regarding STRs pending further information being provided, Staff is now requesting final direction so that an ordinance can be written. The Council can incorporate any, or all, of the three options reflected above in this directive.

CURRENT STR INVENTORY



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