

Short Term Rental Zoning Amendments & Enforcement Regulations

City of New Orleans

October 20, 2016



Process Began with City Planning Commission Study

- Past attempts at amending zoning and regulatory scheme failed, as recently as 2014-15
 - City Council adopted motion August 2015 directing the City Planning Commission to study regulation of STRs
 - CPC held dozens of stakeholder group meetings, received over 500 written comments & held public hearings
 - CPC study was completed in January 2016 and forwarded to the City Council
 - Able to amend hotel/motel tax definition to include STRs in March 2016
 - City Council starts zoning text amendment process, sending back to CPC staff and then CPC
 - Asked for Council motion to include entirety of options
 - CPC adopts zoning amendment August 9, 2016 & forwards to the Council



Short Term Rental Regulation Goals

- Limit and reign in the expansive growth of STRs citywide;
- Ensure the safety of visitors;
- • Protect neighborhood character and minimize impacts to residential areas;
- Enable economic opportunities;
- Create equitable regulations for the hospitality industry;
- Create regulations based on best practices that respond to the unique circumstances in New Orleans;
- Generate revenue for the City;
- Facilitate public notice and information;
- Allow short term rentals based on their impact;
- Propose regulations that respond to the unique impacts of each short term rental type to minimize nuisances;
- Propose enforceable regulations;
- Prioritize enforcement; and
- Implement a system where problem operators would not vest property rights.



Snapshot of CPC's STR Study

- **Local Industry**

- Most of the listings are in the 3 major platforms: Airbnb (~4,500 listings), HomeAway/VRBO (~1,500), VRBO and FlipKey (500+), but there are at least 20 other platforms with listings in the New Orleans area;
- Estimate about 4,000-5000 listings overall
- Demand for short term rentals mostly concentrated in the historic core neighborhoods

- **Lessons Learned**

- The most successful cities in regulating short term rentals:
 - Have categorized short term rentals into different types,
 - Have standards to ensure guest safety,
 - Set appropriate fees and fines, and
 - Revised the short term rental regulations after their implementation;
- Short term rentals are residential uses with commercial type impacts; therefore:
 - Should be permitted in commercial and mixed-use districts, and
 - Only permitted residential districts in limited circumstances;
 - Allow least problematic types (operator present, temporary rentals, or in non-residential districts)



Permitting, Licensing & Enforcement

- All short term rental operators need to apply for a permit with Safety and Permits to ensure that they meet zoning and building codes
- Permits are privileges not rights
- Proof of valid liability insurance of \$500,000 or more
- Affidavit attesting the operator maintaining a safe environment by complying with Building and Life Safety Codes, providing smoke detectors & fire extinguishers, and posting the location of fire exits and escape routes;
- The operator shall post their short term rental license on the façade of the property & notify neighborhood organizations and residents within 150 feet of the property;
- Permits shall contain: permit number, name and contact for owner, name and contact for property manager, if applicable, occupancy limit, and rules
- Permits valid for one year and are not be automatically renewed
- 3 types of STR license
 - Accessory
 - Temporary
 - Commercial
- STRs will pay hotel/motel and occupancy privilege taxes plus NHIF fund
- The license fees range from \$50/year for a Temporary Short Term Rental w homestead exemption and \$500/year for Commercial Short Term Rentals;

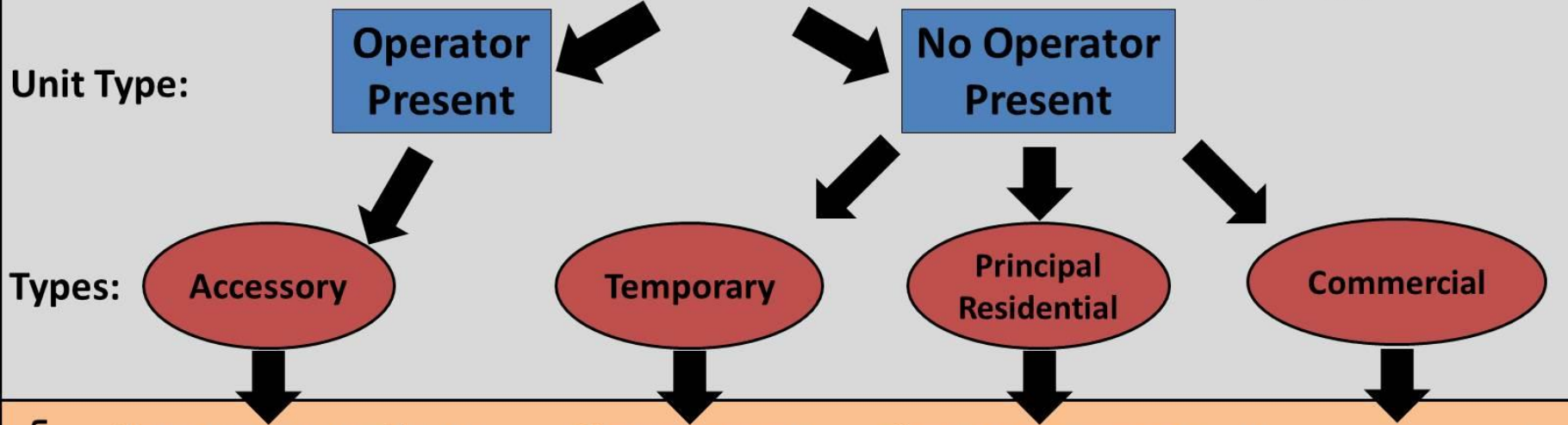


Penalties

- The following shall be advertising violations: to advertise without a license, to fail to post license number in the listing, and to advertise beyond the scope of the license.
- The Department of Safety and Permits will develop an administrative adjudication mechanism for short term rental violations;
- Penalties include:
 - Daily fines
 - Property liens
 - Revocation of permit
 - Discontinuation of electric service

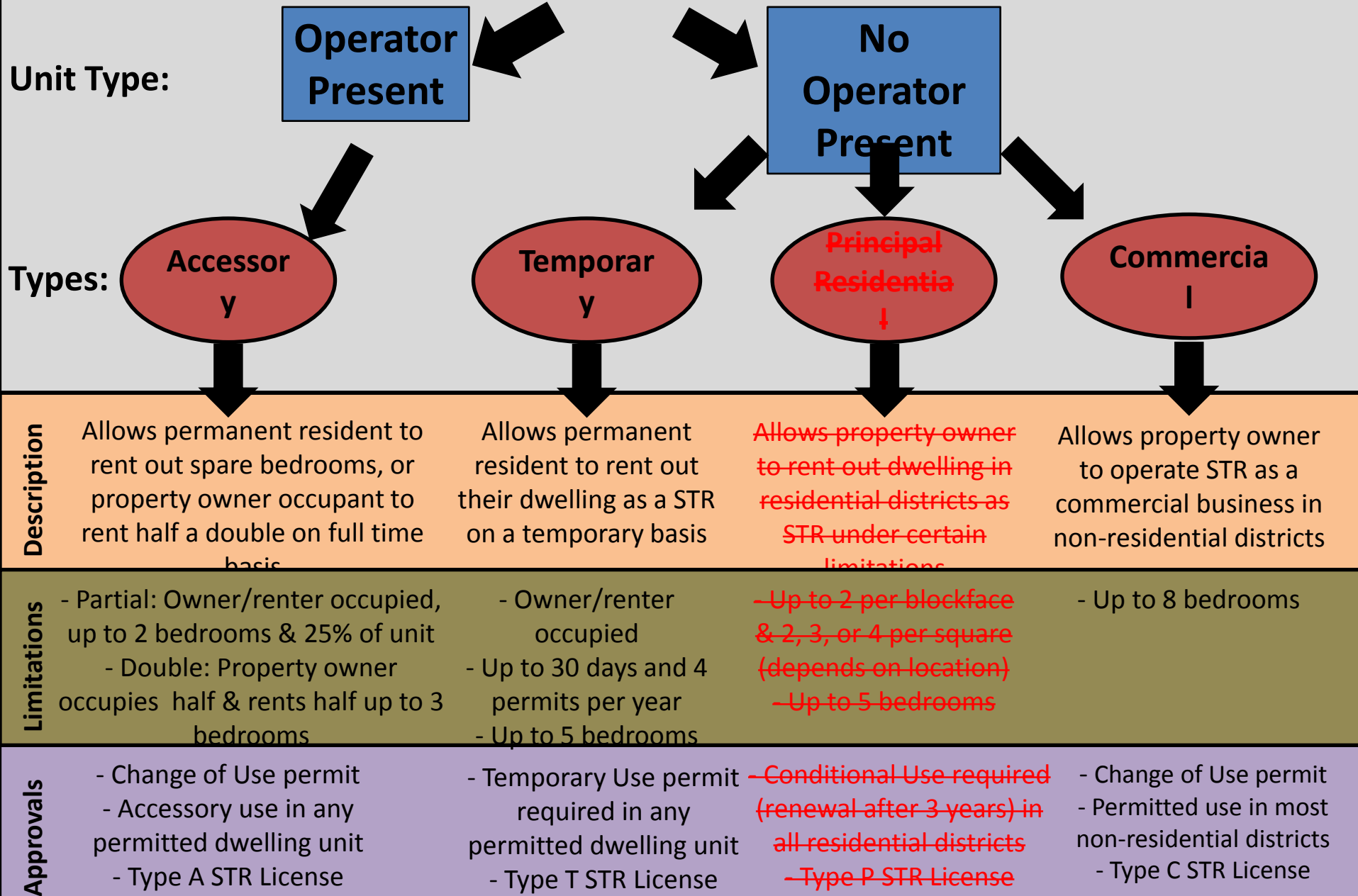


Short Term Rental Land Use Regulations by Types

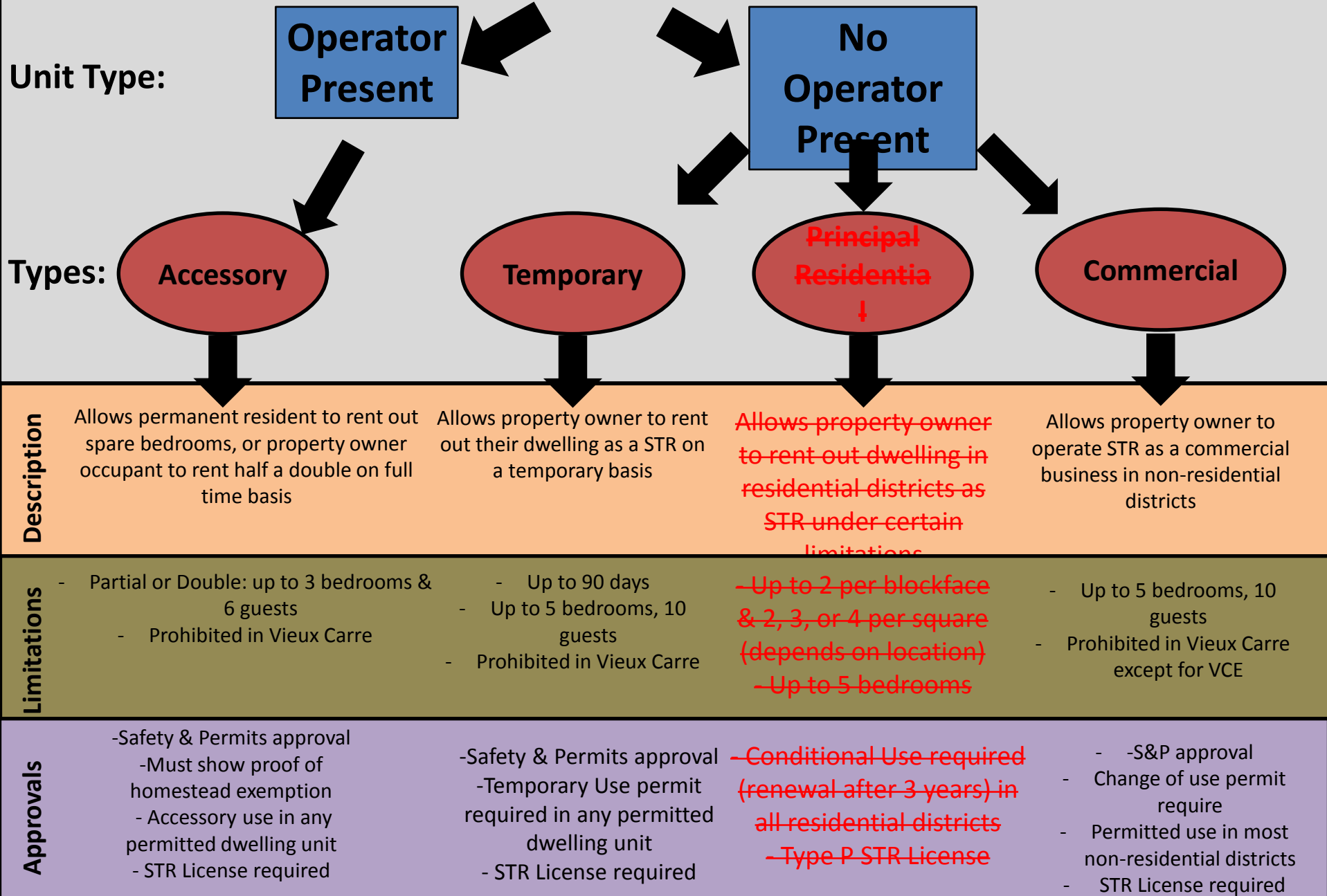


Description	Allows permanent resident to rent out spare bedrooms, or property owner occupant to rent half a double on full time basis	Allows permanent resident to rent out their dwelling as a STR on a temporary basis	Allows property owner to rent out dwelling in residential districts as STR under certain limitations	Allows property owner to operate STR as a commercial business in non-residential districts
Limitations	<ul style="list-style-type: none"> - Partial: Owner/renter occupied, up to 2 bedrooms & 25% of unit - Double: Property owner occupies half & rents half up to 3 bedrooms 	<ul style="list-style-type: none"> - Owner/renter occupied - Up to 30 days and 4 permits per year - Up to 5 bedrooms 	<ul style="list-style-type: none"> - Up to 2 per blockface & 2, 3, or 4 per square (depends on location) - Up to 5 bedrooms 	<ul style="list-style-type: none"> - Up to 8 bedrooms
Approvals	<ul style="list-style-type: none"> - Change of Use permit - Accessory use in any permitted dwelling unit - Type A STR License 	<ul style="list-style-type: none"> - Temporary Use permit required in any permitted dwelling unit - Type T STR License 	<ul style="list-style-type: none"> - Conditional Use required (renewal after 3 years) in all residential districts - Type P STR License 	<ul style="list-style-type: none"> - Change of Use permit - Permitted use in most non-residential districts - Type C STR License

Short Term Rental Land Use Regulations -CPC Adopted



Short Term Rental Land Use Regulations – As Proposed



Tax Collection & Data Sharing with Platforms

- Airbnb and other major platforms have agreed to sign collection agreements with the City to collect taxes and fees
- **■** Airbnb will adopt a pass through registration system that would allow the platform to submit a registration to the City on the Host's behalf. The system would authorize the passing through of basic registration information to the City on behalf of hosts. Airbnb would create a bifurcated system to allow for the registration of (1) Type A (Residential); (2) Type T (Temporary); and (3) Commercial.
 - Registration information would include:
 - Name
 - Listing address
 - Tax address
 - Contact information (e-mail address, phone number)
 - Type A, Type T, and Commercial
- Airbnb will also provide the City with a range of aggregate and anonymized information about activity on the platform on a quarterly basis that will provide number of bookings.
- Deadline of November 3 to work out those final agreements before this moves forward



Enforcement Staffing

Proposed for 2017

- A proactive enforcement model contemplates not only intake, inspection, and adjudication staff, but a proactive, technology-driven research staff to collect data from the web and process that against the City's licensing database. The key to establishing an effective regulatory regime for STRs is to have an effective and robust enforcement mechanism.
- Includes
 - Safety & Permits
 - Personal Services \$619,000.00
 - Other Operating Expenses \$108,000.00
 - Total Budget Request \$727,000.00
 - 4 Code Enforcement Inspectors,
 - 1 Code Enforcement Supervisor/Mgt Development Specialist
 - 3 Management Development Analysts,
 - 2 Information Technology Specialists (II or III)
 - 1 Office Assistant
 - Revenue
 - Personal Services \$101,924
 - Other Operating Expenditures \$7,000
 - Total Budget request \$108,924
 - 2 Revenue Agents



Key Principles of Compromise

- Limit and reign in the expansive growth of STRs citywide;
- Protect neighborhood character and minimize impacts to residential areas;
- • Enable economic opportunities;
- Generate revenue for the City to pay for both enforcement and services;
- Prioritize sensible enforcement

