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MEMORANDUM

To: James C. Buston, III, City Manager

Through: Megan McGowen Crouch, AICP, Assistant City Manager/COO

Through: Scott Cummings, P.E., Executive Director of Development Services

From: Forrest E. Cotten, AICP, Planning Director

Subject: Draft Short-Term Rental (STR) Regulations (Status and Decision Points)

Date: July 24, 2019

I have been requested to provide a summary and status of the City's efforts to develop short-term rental regulations. Further, and based on where the City stands with this effort to date, I have been asked to develop a list of decision points to ponder as the appointed Short-Term Rental Taskforce begins to wrap up its deliberations and transmit its recommendations to the Planning Commission for its review and consideration.

The Short-Term Rental Taskforce was appointed (along with three other taskforces) by Mayor Ron Anders in November 2018. City Councilmembers Bob Parsons and Brett Smith were appointed to the taskforce by the Mayor, as were Planning Commission members Marcus Marshall and Bob Ritenbaugh. In addition, Auburn residents Evan Crawford, Anna Solomon, and Bruno Ulrich were added to the working group. The taskforce began its efforts, in earnest, in December 2018.

Draft regulations had already been developed by the staff earlier in the 2018 calendar year. The draft was prepared after months of research and review had taken place. Significant benchmarking had been performed and included a litany of peer jurisdictions from all over the country. The draft was disseminated to the taskforce and, subsequently, to the public at large. It served as a starting point for discussion.

The first of two public input meetings to garner feedback on the draft regulations was held on January 17, 2019. Feedback at this meeting was provided primarily by members of the community that felt the draft regulations were too restrictive, should be more permissive, and should provide more opportunity for short-term rental activity to occur throughout the City. [At this point, it should be noted that citizens had the ability to express their opinion about the initial draft and subsequent draft (to be discussed later in this memo) directly on the City's website. Those comments were compiled and provided to the taskforce members for their information.]

This feedback resulted in the staff being directed to revise the draft to make short-term rental activity more permissive city-wide.

The second draft of this regulatory proposal reflected the direction provided by the taskforce. The key differences between the original proposal and the revised proposal can generally be summarized as follows:

- 1) STRs were originally to be prohibited in zoning districts in which the “family” definition governs occupancy requirements, those being Neighborhood Conservation (NC), Neighborhood Redevelopment District (NRD) *west of North Donahue Drive*, Development District Housing (DDH), and Limited Development District (LDD).

Under the revised proposal, STRs would be permitted by right as “homestays” (permitted by right as a home occupation) in these zones, and would require conditional use approval for a “short term non-primary rental (STNPR)” use in NC, DDH, NRD, Comprehensive Development District (CDD) and the Redevelopment District (RDD), *if those properties were located in the proposed STNPR overlay area.*

- 2) STRs were originally limited to homestays in the Urban Core (UC), Urban Neighborhoods (UN), RDD, CDD, Rural (R), and Corridor Redevelopment Districts (CRD).

Under the revised proposal, STRs would be permitted by right as a STNPR use in the UC, UN, and CRD districts. STNPRs would be a primary use and would allow up to 240 days of rental activity per calendar year.

- 3) STRs as “homestays” were originally limited to rental activity of no more than thirty (30) days per year when the residence was not owner-occupied.

Under the revised proposal, STRs as “homestays” would be allowed to have rental activity of no more than sixty (60) days per year when the residence was not occupied in NC, DDH, NRDF, and LDD and no more than one hundred twenty (120) days per year when the residence was not occupied in UC, UN, RDD, R, CDD, and CRD.

The second public input meeting to garner feedback on the revised draft of the regulations was held on May 22, 2019. Feedback at this meeting was provided primarily by members of the community that felt the draft regulations were too permissive, should be more restrictive, and should provide more limited opportunities for short-term rental activity to occur throughout the City.

At this juncture of the process, it seems that it makes sense (as author of both of these drafts) to recommend some decision points for the taskforce to ponder and deliberate:

- 1) Should STRs be allowed (either as a homestay or STNPR) in the NC District? Should STRs be allowed in any of the zoning districts (previously cited in this memo) that have occupancy requirements that must meet the “family” definition?
- 2) Should STRs be allowed as homestays or STNPRs, or both? In other words, should they be regulated as one or the other as opposed to the multi-tiered approach employed by the current regulatory proposal?
- 3) Should STRs be allowed in the proposed STNPR overlay in base zones that have occupancy requirements that must meet the “family” definition?
- 4) Should the proposed STNPR boundary be further examined and perhaps, revised?

While there are certainly other questions to ponder, I see these as being the most important to consider and deliberate as the taskforce begins its task of bringing its efforts to a conclusion.

I am happy to offer any other assistance or recommendations as the taskforce sees fit.