

SHORT TERM RENTAL PROPERTIES

Neighborhood Advisory Council
Cansler Family YMCA
August 10, 2016

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PRESENTATION OVERVIEW

- Background and Data
- Current Ordinance
- Policy Considerations
- Other Jurisdictions' Approaches
- Potential Provisions and Restrictions
- Questions



SHARING ECONOMY



- Broadly, STRP are considered part of the sharing economy.
- The basic principle is simple: One person has resources and another person wants to use or borrow them.
- Businesses in the sharing economy tend to be facilitators: They connect those with resources with those who want to use them for a fee.



SHARING HOMES

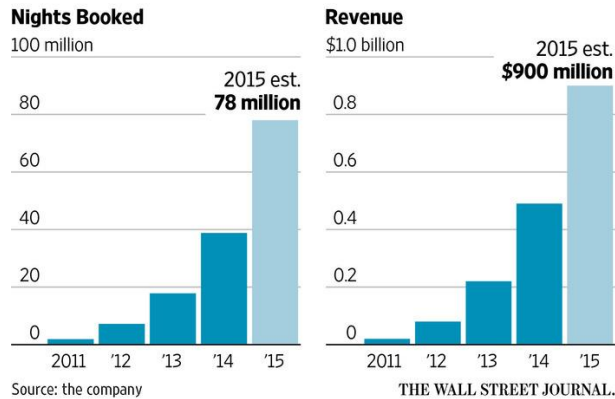
- Short-term rentals fall into several categories, ranging from the rental of a single bedroom to several bedrooms to an entire home.
- Typically, the period of time is 30 days or less.



GROWING INDUSTRY

Room to Grow

Airbnb is showing solid growth to investors as it seeks to raise funds.



POLICY CONSIDERATIONS

- There is no singular way to regulate this business model—every city has different needs and thus needs a different ordinance.
- Generally, the most common reasons for regulating STRP include neighborhood preservation, public safety, enabling citizens to fill income gaps, protecting affordable housing, and economic equity between STRP and other lodging models, such as hotels and B&Bs.



CITY OF KNOXVILLE: Current Ordinance

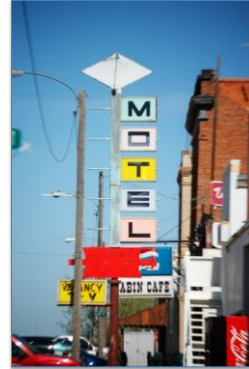
Current ordinance does not provide for STRP. Complaints are handled individually, and enforcement usually involves informing operators that they are operating a motel in violation of the City's Zoning Code.

Motel: A building or group of buildings used for the temporary residence of motorists or travelers.

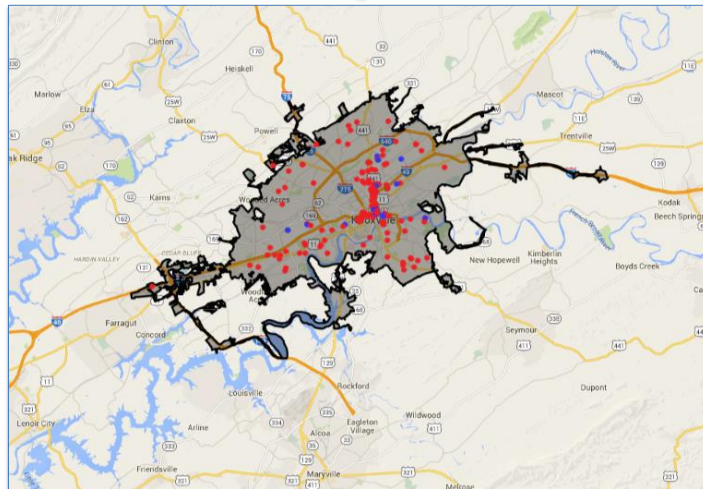
Hotel: Any building containing twelve (12) or more guestrooms intended or designed to be used, or which are used, rented or hired out for sleeping purposes by guests.

Bed and breakfast inn: A building maintained as a private residence and located in an historic overlay district, where the resident owner offers lodging to transient guests in no more than six (6) guest rooms, and where breakfast is the only meal offered to guests.

Rooming and boarding house: A house with an owner-occupant, or a resident manager, where for compensation, lodging with or without meals is provided for not more than twelve (12) persons.



CITY OF KNOXVILLE: Geographical Distribution



CITY OF KNOXVILLE: By the Numbers

HOSTS


CURRENT ACTIVE HOSTS	AVERAGE HOST AGE	ANNUAL EARNINGS FOR A TYPICAL HOST
200	38	\$3,700

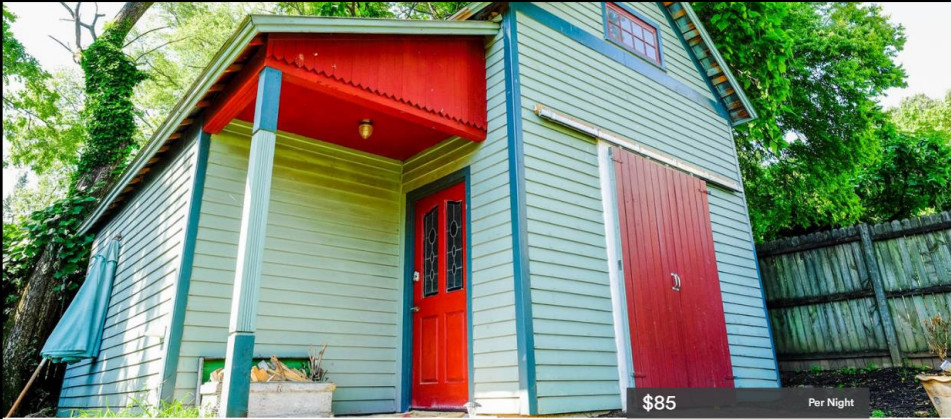
GUESTS

INBOUND GUEST ARRIVALS IN THE PAST YEAR	AVERAGE LENGTH OF STAY PER GUEST	OUTBOUND GUEST ARRIVALS IN THE PAST YEAR
8,000	2.6 nights	17,000


LISTINGS

NIGHTS HOSTED PER YEAR FOR A TYPICAL LISTING	CURRENTLY ACTIVE LISTINGS BY TYPE									
49	<table style="width: 100%;"> <tr> <td>Entire Home</td> <td style="width: 100px; background-color: #e91e63; height: 15px;"></td> <td style="text-align: right;">56%</td> </tr> <tr> <td>Private Space</td> <td style="width: 100px; background-color: #f06292; height: 15px;"></td> <td style="text-align: right;">41%</td> </tr> <tr> <td>Share Room</td> <td style="width: 100px; background-color: #f48fb1; height: 15px;"></td> <td style="text-align: right;">4%</td> </tr> </table>	Entire Home		56%	Private Space		41%	Share Room		4%
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	<p>0% 20% 40% 60%</p> <p>Percentage</p>									


CITY OF KNOXVILLE



\$85 Per Night



Beautiful Carriage House Near UT & Market Square

Knoxville, TN, United States

Entire home/apt

2 Guests

0 Bedrooms

1 Bed

About this listing

Whether you are coming to Knoxville to visit loved ones, watch a football game at Neyland Stadium, see a show at the historic Tennessee Theater, or something just as fun, our Queen Anne style Carriage House is just right. Located in Historic Mechanicsville, our lofted studio apartment is quaint, comfortable and within walking distance of both the University of Tennessee, as well as Market Square in the heart of downtown Knoxville. We are so excited that you are choosing to stay with us!

Check In

Check Out

Guests

Request to Book

Your Credit Card will not be charged

Save to Wish List

14 travelers saved this place

Email
 Messenger
 More

OTHER JURISDICTIONS

- Nashville
- Memphis
- Chattanooga
- Louisville, KY
- Charlottesville, VA
- Palm Desert, CA
- Portland, OR
- Boulder, CO
- Savannah, GA
- Asheville, NC
- Galveston, TX



OTHER JURISDICTIONS

The City of Knoxville is drafting its ordinance to best fit the needs of our community. Staff is reviewing many jurisdictions to understand the various approaches and we have found good starting points in [Asheville, NC](#) and [Boulder, CO](#).

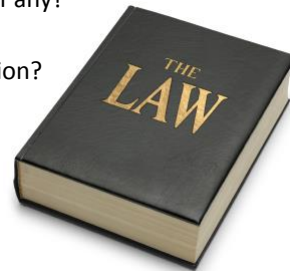
Asheville allows homestays in residential areas—this is rental of a room or rooms in a private home. A permanent resident must be staying in the home during the time of the homestay. In Asheville, overnight rental of an entire dwelling unit is called a short-term rental (STR), and these types of uses are prohibited in all residential districts.

Boulder allows short-term rentals in its residential areas, but a property can only be rented out by its resident owner, who must appear on the deed and provide specific proof of residency. Thus, a permit holder in Boulder can only have one STRP because a person can only reside at one location.



ORDINANCE DRAFTING

- Who can rent home as STRP/Who can obtain a permit?
- In which districts will STRP be allowed?
- Will there be a cap on the number of permits per a defined geographical area, a distance restriction between STRPs, or some other limitation?
- What are the minimum inspection requirements, if any?
How frequent will inspections be?
- What information will be required for the application?
- How much will a permit cost?
- How will the City collect taxes?



POTENTIAL PROVISIONS

Who can rent home as STRP?

- **Natural Persons (No Corporations)**
 - Avoids squeeze on affordable housing stock that can occur when management companies purchase dwelling units for short term rental
- **Resident Owner in Residentially Zoned Districts**
 - Limits Resident Owner to one rental in residentially zoned districts
 - Resident Owner does not have to be present during the rental, but must nominate a local agent who is available at all times
 - Criteria for determining residency
- **Owner in Non-Residentially Zoned Districts**
 - Not restricted to Owners who are also Residents
 - There may be a cap on the number of permits per person



POTENTIAL PROVISIONS

In which districts will STRP be allowed?

- Residential Districts with requirement of Resident Owner holding the permit
- Non-Residential Districts that allow dwelling units with requirement of Owner holding the permit
 - Residential Occupancy Standards and all other relevant City of Knoxville ordinances will still apply to short term rentals (e.g., noise ordinance, on-street parking restrictions)
 - There may be an opportunity to publish information about permits issued for STRP, including location, similar to [Durango, CO](#)



POTENTIAL PROVISIONS

Will there be a cap on the number of permits per a defined geographical area, a distance restriction between STRPs, or some other limitation?

- **Caps**
Nashville, TN, Austin, TX, and Sante Fe, NM, among other cities, have a cap on the number of permits issued citywide or in specific areas.
- **Anti-Clustering Restriction**
Similar to City Council's recent action on Alternative Financial Services ordinance, this approach would create a distance restriction requiring a certain spacing between an existing STRP and a proposed one.
- **Other Approaches**
Charleston, SC has a Short Term Rental Overlay district, which covers 2 neighborhoods. This keeps STRP out of areas that could disrupt character and affordability of single family residences, but it also creates differential treatment within the city.



POTENTIAL PROVISIONS

- **What are the minimum inspection requirements? How frequent will inspections be?**
 - Annual inspection that involves evaluating dwellings for minimum safety standards and compliance with building codes
- **What information will be required for the application?**
 - Proof of insurance for the property; Business license; Site plan showing parking; Floor plan; Proof of lodging, sales, and other relevant taxes; Local contact person
- **How much will a permit cost?**
 - \$100, with reduced renewal fee
- **How will the City collect taxes?**
 - City staff is evaluating voluntary collection agreement with Airbnb; other hosts not using Airbnb will have to remit individually or through other 3rd party platforms



NEXT STEPS

- Public Comment Period
- City Council Workshop
- Adoption of Ordinance



Comments? Questions?

