

Short Term Rental Licensing

City of New Orleans

March 25, 2017



BACKGROUND: 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
- CPC adopts zoning amendment August 9, 2016 & forwards to the Council



BACKGROUND: Snapshot of CPC's STR Study

Local Industry

- 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) more liberally



BACKGROUND: Enabling Legislation

available online at nola.gov/str

- City Council adopted the zoning motion on October 20, 2016
- City Council introduced companion legislation, which was signed into law on December 7, 2016.
 - Ord. 27,209 MCS CZO amendment regulating STRs.
 - Ord. 27,204 MCS (with amendment): Establishes STR permits and licenses. Specifies data sharing requirements for platforms.
- The effective date of the ordinances is April 1, 2017.



OVERVIEW: Short Term Rental Regulation Goals

- Limit and reign in the expansive growth of STRs citywide;
- Eliminate full-time, whole home rentals in residential neighborhoods;
- 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.



OVERVIEW: 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
 - Pass through registration with Airbnb
- Permits are **privileges not rights**
- Attestation that the operator maintaining a safe environment by complying with Building and Life Safety Codes, providing smoke detectors & fire extinguishers, valid liability insurance of \$500,000 or more 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;
- Permits shall contain: address, type of permit holder license, license number, name and contact, occupancy limit
- Permits valid for one year and are not automatically renewed
- 3 types of STR license: Accessory, Temporary, Commercial



OVERVIEW: 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 is developing an administrative adjudication mechanism for short term rental violations;
- Penalties include:
 - Daily fines
 - Property liens
 - Revocation of permit
 - Discontinuation of electric service



PROCESS: Issuance and Enforcement

2 Types of applications:

- **“Pass Through Registration”** (Initial information supplied by listing platform such as AirBnB)
- **Individual Registration**

4 Types of Enforcement

- **Reporting-Based Enforcement**
- **Complaint-Based Enforcement**
- **Web-Based Enforcement**
- **Proactive Field Enforcement**



Process for “Pass Through” Registration

Data Export Supplied by Platform:

- Full Name
- Listing Address
- Tax Address
- Phone Number
- Email Address
- Type
- Evidence of Attestation

Review & Verify

- The contact information for the owner and operator (available 24/7) of the short term rental unit, which includes the physical mailing address, cell phone number, and e-mail address.
- The property has no outstanding taxes or property liens.
- Validate fees.

If Applicable:

- Type A License, proof of ownership via a valid homestead exemption, as required by the Comprehensive Zoning Ordinance.
- Type C License, completed application for a Change of Use or Building Permit, as determined by the Department of Safety and Permits

Email applicant

Email Applicant to pay online and receive their certificate to post.

Any other required information could be uploaded via a link.

Pay & Print

Applicant Logs into Onestopapp.nola.gov or visits the One Stop to pay and receive placard.

Process for Individual Registration

Applicant Obtains Info Online for application requirements.

Applicant Supplies the following through onestopapp.nola.gov or in person at One Stop:

- Application (includes location, owner + operator contact information, rental platforms, and agent for service)
- Attestations per Ch 26-614

If Applicable:

- Type A License, proof of ownership via a valid homestead exemption, as required by the Comprehensive Zoning Ordinance.
- Type C License, completed application for a Change of Use or Building Permit, as determined by the Department of Safety and Permits
- A copy of the Conditional Use Ordinance, if required by the Comprehensive Zoning Ordinance.

Review & Verify

The property has no outstanding taxes or property liens. Completeness of materials in step 2. Validate fees.

If online applicant: Email Applicant to pay online and receive their certificate to post.

If in-person applicant: Reviewed in person and Type A & T can be approved over the counter

Pay & Print

-Applicant Logs into Onestopapp.nola.gov or visits the One Stop to pay and receive placard.

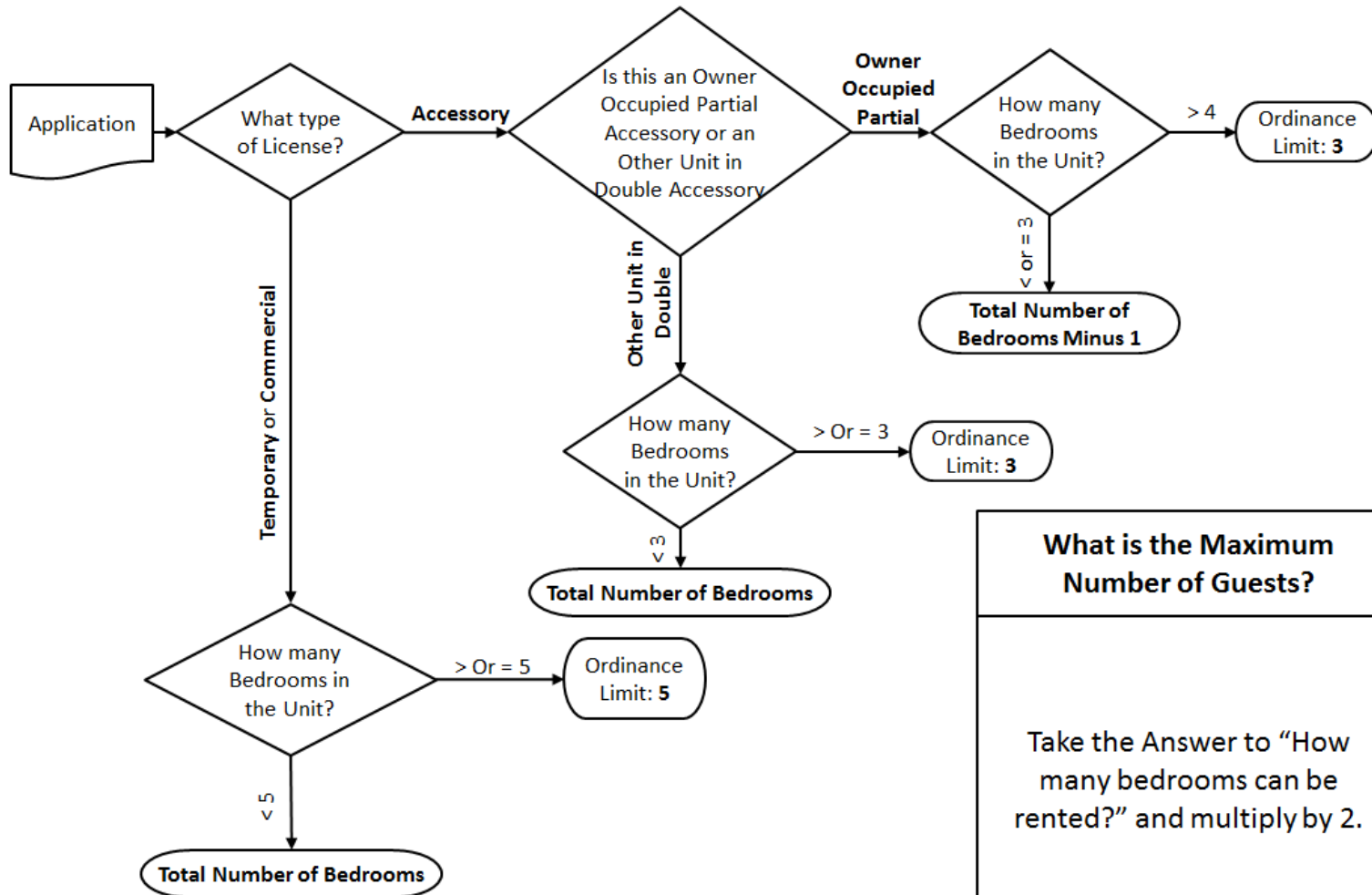
PROCESS: Standards

- The permit holder must provide a valid permit number on any listing advertising the property.
- Only one party of guests is allowed per short term rental unit. A unit is a dwelling unit, not a bedroom.
- Use of the short term rentals for commercial or social events shall be prohibited.
- Short term rental of this property cannot adversely affect the residential character of the neighborhood.
- This short term rental may not generate noise, vibration, glare, odors, or other effects that unreasonably interfere with any person's enjoyment of his or her residence.
- There must be an in-town property manager if the owner or operator offsite during the time of the rental.
- It is unlawful to operate a short term rental outdoors, in an accessory structure (e.g. shed, garage), or in a recreational vehicle.
- This property must appear outwardly to be a residential dwelling.
- No signs (with the exception of required permit) are allowed to be posted on this property.



PROCESS: Training and Review Materials

How many bedrooms can be rented?



What is the Maximum Number of Guests?

Take the Answer to "How many bedrooms can be rented?" and multiply by 2.



PROCESS: Training and Review Materials

A NOTE ABOUT ACCESSORY SHORT TERM RENTALS

Accessory Short Term Rentals **MUST** be owner occupied.

- If you have a single family home, you are only eligible for 1 Owner Occupied Accessory STR.
- If you have a two-family home (exactly 2 dwelling units in 1 structure), you are eligible to have EITHER:
 - 1 Owner Occupied Accessory STR OR
 - 1 Accessory STR in the Other Unit in the Double.
- If you have a multi-family home (3 or more dwelling units in 1 structure), you are not eligible for Owner Occupied Accessory STR.
- **Only Doubles** are eligible to have 2 Accessory STRs.
- **Owner Occupancy is determined by the presence of a Homestead Exemption on the property.**

Any dwelling unit that is eligible to be an Accessory STR may also be a Temporary STR.

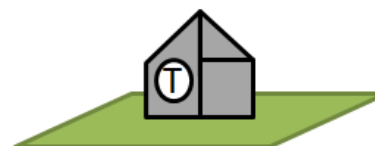
Temporary STRs are limited to being rented out no more than 90 days per year.



1 Structure
1 Unit



1 Structure
2 Units (Double)



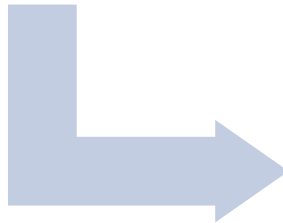
1 Structure
3 or more units (No Accessory allowed)



Reporting-Based Enforcement

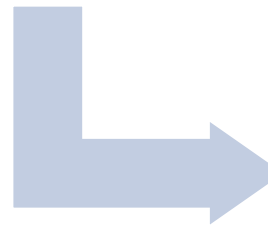
Listing Platform Monthly Report

- Temporary Listing Evaluation:
- Look for listing approaching 90days in bookings and subpoena additional information from platform



Adjudication

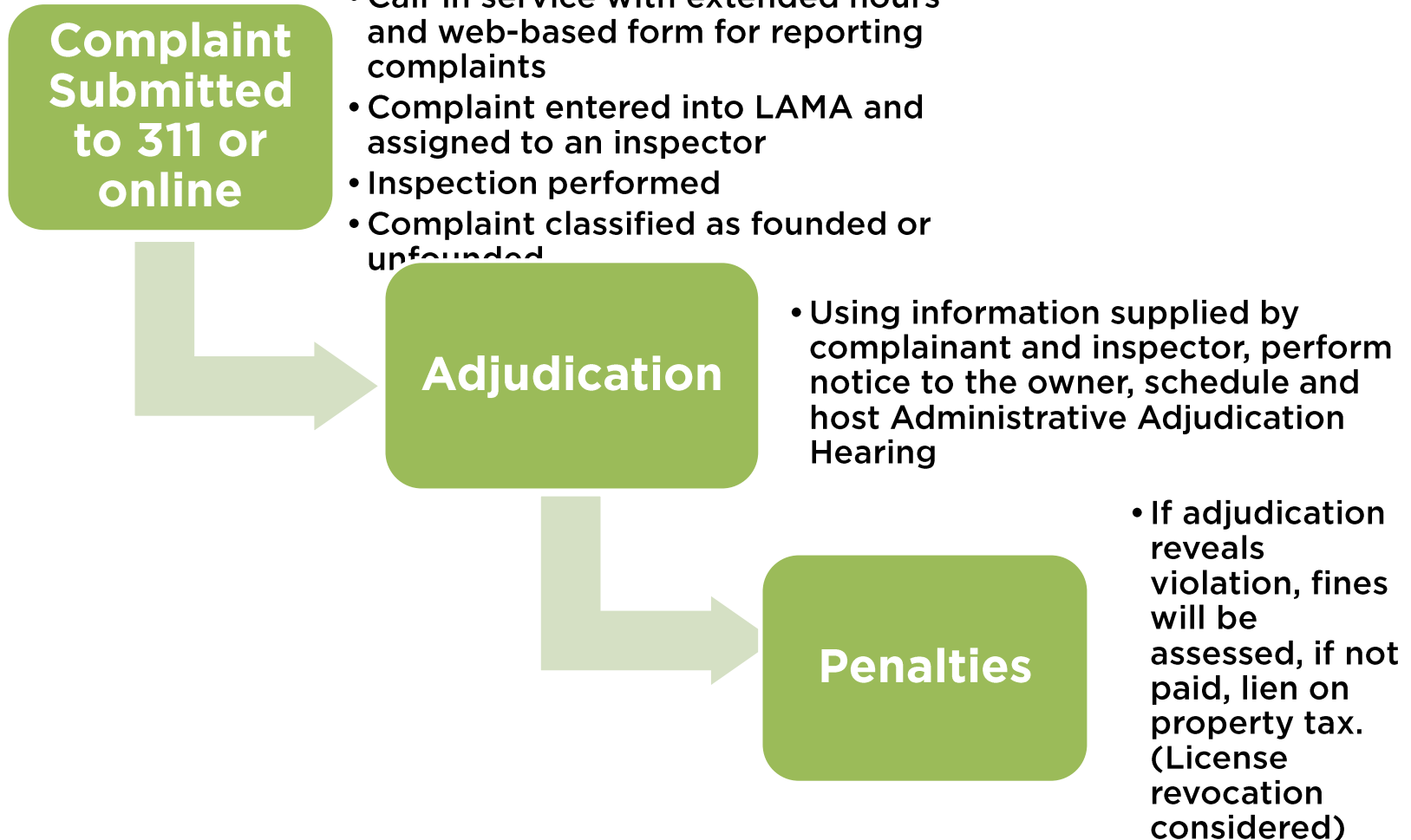
- Using information supplied by the platform, perform notice to the owner, schedule and host Administrative Adjudication Hearing



Penalties

- If adjudication reveals violation, fines will be assessed, if not paid, lien on property tax. (License revocation considered)

Complaint-Based Enforcement



Web-Based Enforcement

Webscraping

- ITI Specialists retrieve and compare data to licensed locations and listing platform reports.
- Deduplication of addresses for potential excessive Type T permits

Investigation

- Inspectors and adjudication staff review information and investigate whether a violation has happened
- Subpoena issued if necessary

Adjudication

- Using information supplied by web team, platform, and inspector, perform notice to the owner, schedule and host Administrative Adjudication Hearing

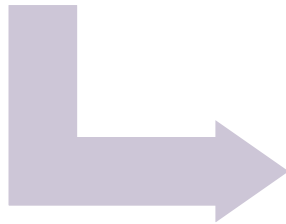
Penalties

- If adjudication reveals violation, fines will be assessed, if not paid, lien on property tax. (License revocation considered)

Proactive Field Enforcement

Field Inspection

- In the course of performing other related investigations, Inspectors will note any signage or locations appearing to operate as an illegal STR
- Upon returning to office enters into LAMA and assigned to adjudication if violation is substantiated



Adjudication

- Using information supplied by complainant and inspector, perform notice to the owner, schedule and host Administrative Adjudication Hearing



Penalties

- If adjudication reveals violation, fines will be assessed, if not paid, lien on property tax. (License revocation considered)

Staffing

- 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
 - 1 Short Term Rental Administrator,
 - 4 Code Enforcement Inspectors,
 - 2 Management Development Analysts,
 - 2 Information Technology Specialists
 - 1 Office Assistant



Key Principles

- 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

