



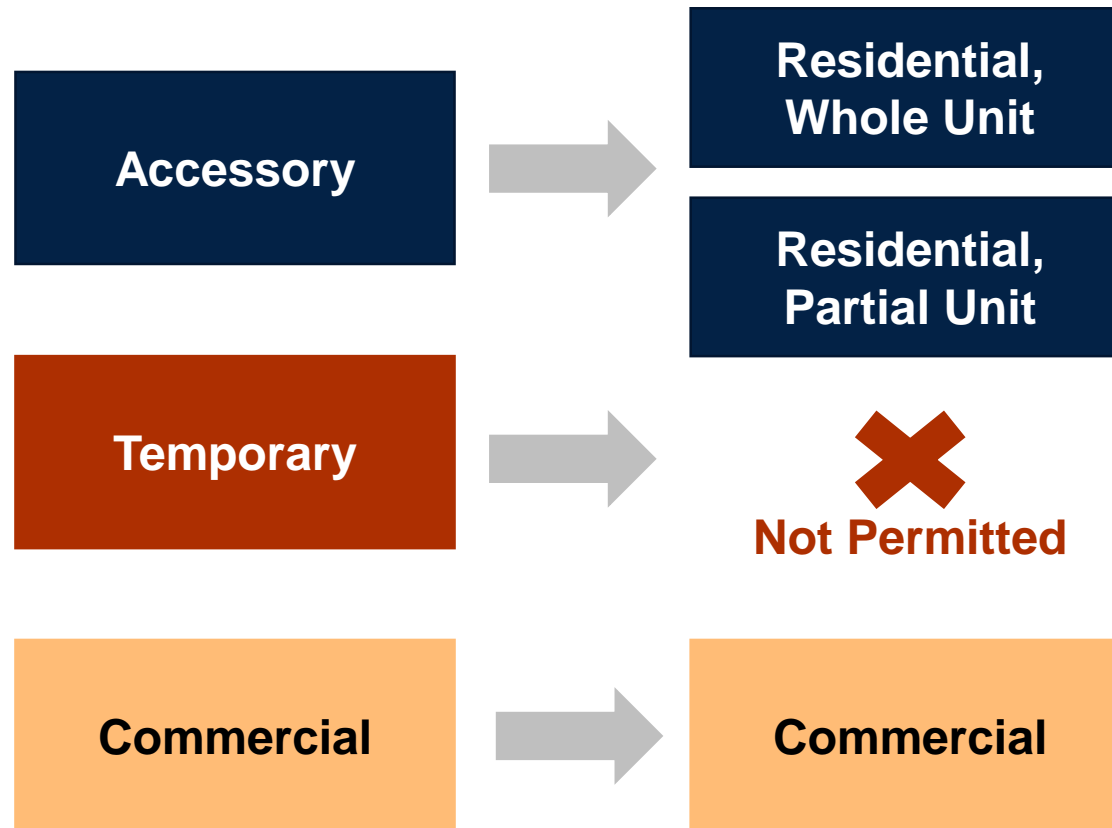
2018 Short Term Rental Study

October 3rd, 2018
CPC Public Hearing

City of New Orleans
City Planning Commission

2018 Short Term Rental Study

Recommendations – Definitions



2018 Short Term Rental Study

Recommendations - Definitions

Residential

- **Short Term Rental, Residential.** A short term rental where the owner or resident has his or her permanent primary residential dwelling unit onsite and is present during the guest's stay.
 - **Partial-Unit Residential Short Term Rental.** An owner- or permanent resident- occupied dwelling with a principal use as a permanent dwelling unit and which rents a portion of the dwelling unit, no more than three (3) guest bedrooms and six (6) total guests, for overnight paid occupancy as an accessory use.
 - **Whole-Unit Residential Short Term Rental.** An owner-occupied lot with no more than four (4) dwelling units where one (1) unit is the owner's permanent residential dwelling unit and where only one (1) dwelling unit per lot is rented with no more than three (3) guest bedrooms and six (6) total guests for overnight paid occupancy as an accessory use.

Commercial

- **Short Term Rental, Commercial.** An entire dwelling unit in a non-residential district that rents no more than five (5) guest bedrooms for overnight paid occupancy.

Special Event (not recommended)

- **Short Term Rental, Special Event.** An owner- or permanent resident-occupied dwelling with a principal use as a permanent residential dwelling unit and which rents the entire unit with no more than five (5) guest rooms for overnight paid occupancy as a temporary use not to exceed fourteen (14) days per year, with a maximum of two (2) permits per year.

2018 Short Term Rental Study

Recommendations – Permitted Districts

Residential STRs

- Residential Short Term Rentals shall be permitted in any district where dwelling units are permitted by the Comprehensive Zoning Ordinance.
- The staff believes that the French Quarter and Garden District should be treated similarly to other historic neighborhoods in the City.
- Limit one Whole Unit per lot.



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Recommendations – Permitted Districts

Commercial STRs



- Prohibit Commercial Short Term Rentals in the least intensive neighborhood business districts.



- Preserve ground-floor commercial uses.
- Prohibit Commercial STR licenses on the first floor in commercial and mixed-use corridor districts.

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Recommendations – Permitted Districts

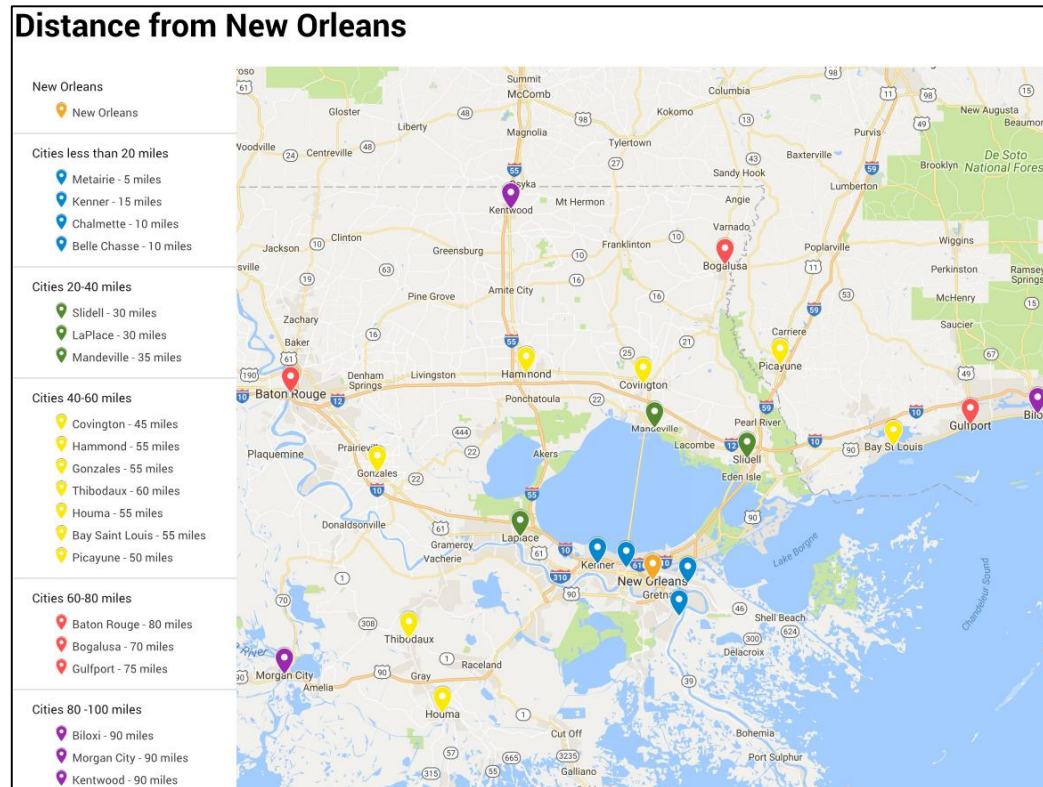
Commercial STRs

- Cap of 1 unit or 25% of all units per building, whichever is greater.
- This cap should not apply to the VCE District or properties with frontage along Canal Street between the River and Rampart Street.



2018 Short Term Rental Study

Recommendations – Permitting & Licensing



Operator Requirements

- Create a license for Short Term Rental Operators.
- Two types of licenses:
 - On-site Residential (Residential STR operators)
 - Commercial STR operators
- The license holder must be a natural person and not a corporation. Operators shall reside within a certain driving distance from the short term rental location.
- The license will require a fee and passing an online or in-person test to ensure knowledge of the short term rental regulations and the responsibilities of an operator.
- It should be a violation to be a short term rental operator without a license and operate a short term rental in violation of the short term rental regulations in the Comprehensive Zoning Ordinance and City Code.

2018 Short Term Rental Study

Recommendations

Current Fees

Neighborhood Housing Improvement Fee

- \$1 per night

Application Fees

- Accessory Short Term Rental: \$200.00/year
- Temporary Short Term Rental (with Homestead Exemption): \$50.00 per application period.
- Temporary Short Term Rental (without Homestead Exemption): \$150.00 per application period.
- Commercial Short Term Rental: \$500.00/year

Proposed Fees

Neighborhood Housing Improvement Fee

- \$8 per night for Whole Unit Residential & Commercial
- \$1 per night for Partial Residential

Application Fees

- Residential Short Term Rental, Partial Unit: \$100 per year
- Residential Short Term Rental, Whole Unit: \$500 per year
- Commercial Short Term Rental: \$1000 per year



2018 Short Term Rental Study

Feedback from 9-25-18 Hearing

City of New Orleans
City Planning Commission

2018 Short Term Rental Study

Feedback from September 25, 2018 Public Hearing

Special Event STRs

- Several spoke against allowing this type due to enforcement concerns.
- Most operators in opposition to elimination of temporary, many in support.

Commercial STRs

- Several opposed to 25% cap, several cited impacts to ongoing construction projects.
- Concerns over ground-floor commercial.

Affordable Housing

- Support for leveraging affordable housing (e.g. one-to-one ratio).
- Support for increasing Neighborhood Housing Improvement Fund fees.

Blight Remediation

- Many spoke about how STRs provide additional funding for renovation/home repairs.
- Several spoke against using STR to fund blight remediation.

2018 Short Term Rental Study

Feedback from September 25, 2018 Public Hearing

Feedback

Residential STRs

- Strong support for restricting to properties with homestead exemption.
- Tax Commission proposal may affect homestead exemption.
- Need a definition of “present”.
- Prohibiting out-of-state owners and limiting to local residents.
- Many against allowing renters.

Response

Residential STRs

- Tax Commission did not pass new definition for STR, so homestead exemption is still reliable requirement.
- A operator should be present to check guests in, available to respond to complaints quickly, and will sleep on premises during the STR stay.
- Regulations require operator to live on-site, which effectively requires a local operator.

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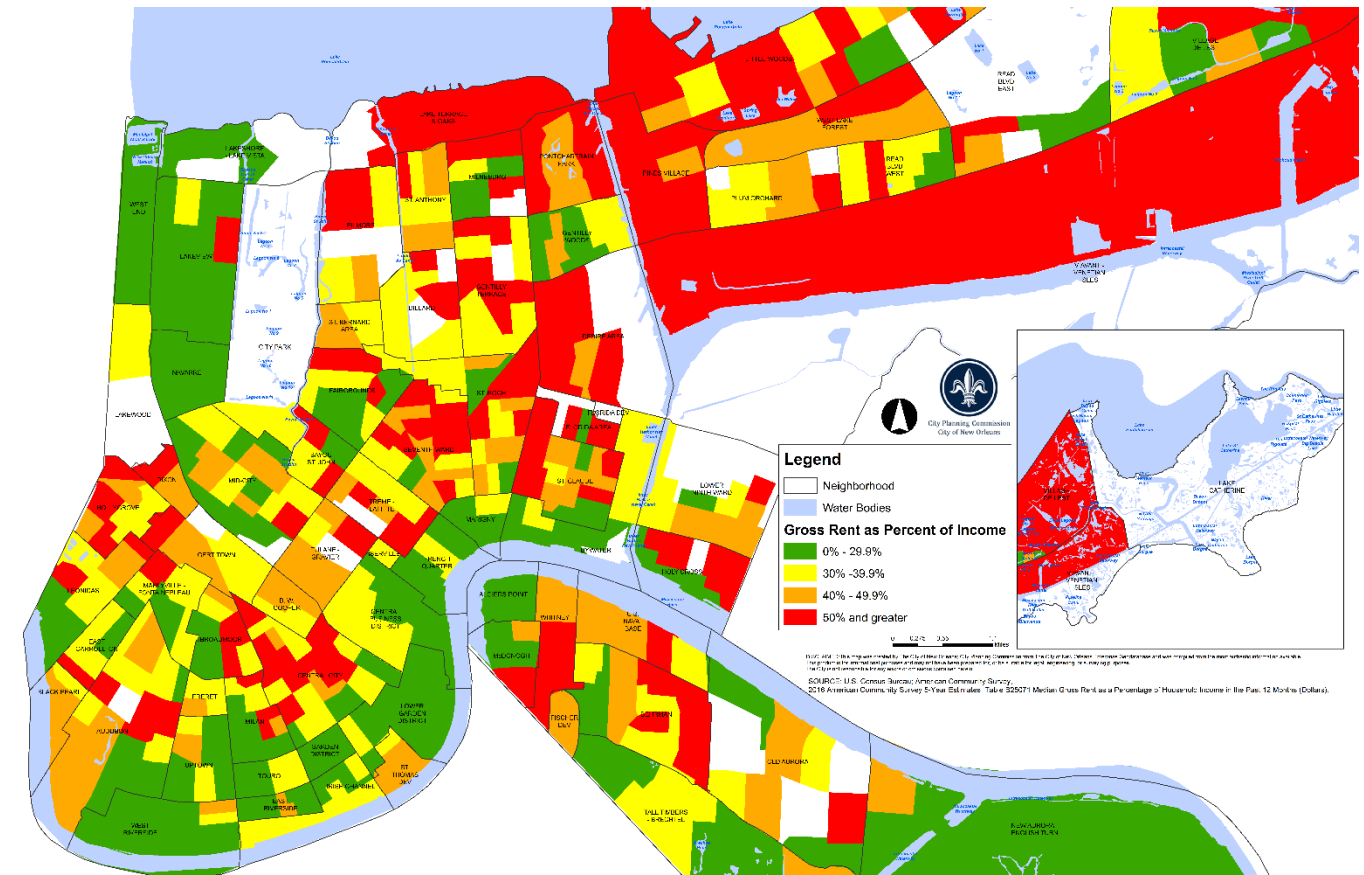
Feedback from September 25, 2018 Public Hearing

Why Allow Renters?

Equity. Help provide additional income to offset high housing costs.

- 55% of all residents in New Orleans are renters.
- 58% of renters in New Orleans are African American.
- 61% of renters are cost-burdened, paying more than 30% of their income towards rent, with 35% of the cost-burdened renters paying more than 50% of their income towards rent.
- Renters are the most vulnerable to changes in affordability and displacement.

Median Gross Rent as a percentage of income



2018 Short Term Rental Study

Feedback from September 25, 2018 Public Hearing

Why Allow Renters?

Precedent. San Francisco and San Antonio allow renters to utilize their residence as a short term rental, so long as the renter acts as the operator and is present during the STR stay.

Operator License.

- An operator's license would be required for partial unit STRs. Only one license may be issued to a person/per property.
- The license holder must be a natural person and not a corporation.

Penalties.

- Under the recommended structure, we will be able to cite both property owners and operators.

Verification. Renters would be required to submit documentation that the STR in question is their primary residence. These documents may include a combination of the following:

- Utility bills
- Louisiana I.D. with the address in question listed
- Lease of residence
- Past year's W2
- Official mail
- Voter registration
- Notarized authorization from property owner

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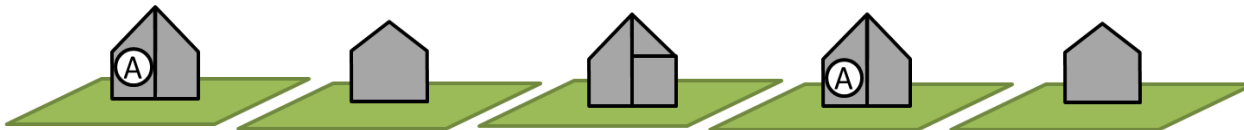
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Feedback

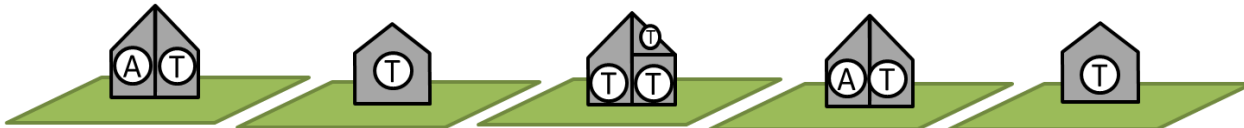
Density Restrictions

- Many in support of a limit per blockface.

Sample configuration of accessory whole-unit short term rentals



Sample configuration of accessory & temporary whole-unit short term rentals



Response

Density Restrictions

- Other cities had difficulty implementing similar regulations.
- Would require significant staff time and resources.
- Eliminating Temporary STR type and limiting one whole-unit per lot should greatly reduce the number of licenses.
- Block or other geographical restrictions would limit the number of permanent residents that could benefit from additional income from STRs.

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Feedback from September 25, 2018 Public Hearing

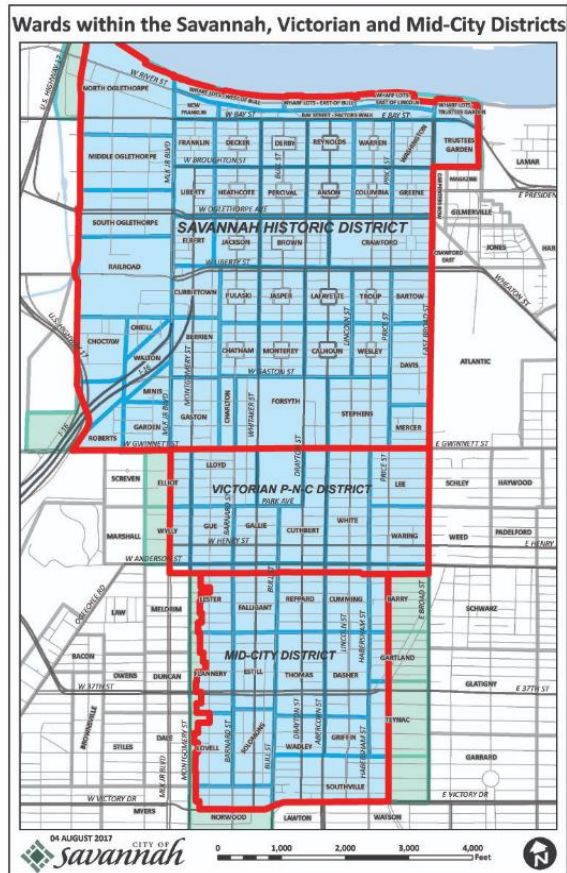
Permitted Neighborhoods

- Many oppose allowing STRs in the Vieux Carré or Garden District:
 - These neighborhoods experience pressure from tourism.
 - Cite historic bans in these areas.
- Others support allowing STRs in historic areas:
 - Assist with the high cost of housing in these areas.
 - Relieve pressure on surrounding neighborhoods.
 - Simple and uniform regulations across all neighborhoods.



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Feedback from September 25, 2018 Public Hearing



Permitted Neighborhoods Sustainable Tourism

- Often the greatest effects and impact are felt by “mass tourism” while smaller, more informal types of tourism are less impactful to communities.
- Local businesses and hosts typically increase the multiplier factor – the money that is reinvested into the community.

Precedent

- Savannah allows STRs in the Historic, Victorian and Mid-City District. The majority of STRs are located within the Historic District.
- Charleston requires that STRs be listed in the National Register of Historic Places in the Old Historic District or over 50 years old on the rest of the peninsula.
- Owner-occupied STRs in Nashville are permitted in any zoning district.

2018 Short Term Rental Study

Feedback from September 25, 2018 Public Hearing

Permitted Neighborhoods

History

- Hotel ban in French Quarter was largely in response to demolition of historic structures to build large-scale intensive hotels, which sought to replicate historic architecture.
- STRs provide an alternative to these larger, intensive uses and do not require loading areas (for linens and food and beverage), passenger zones, or increase truck traffic.
- Bed and breakfasts have been utilized in other areas of the City for revitalization, such as Esplanade Ridge.



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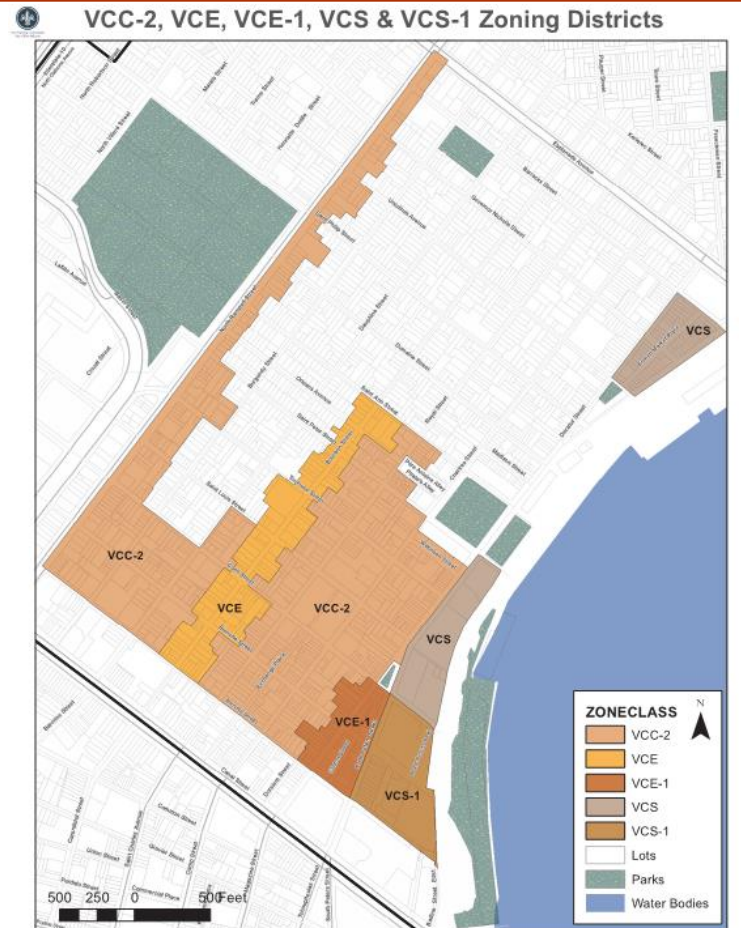
Permitted Neighborhoods

Commercial Districts

- There are five districts where Commercial STRs would be allowed: VCE, VCE-1, VCC-2, VCS, VCS-1. All would be subject to the 25% cap except VCE District on Bourbon Street.
- The VCS, VCS-1, VCE, and VCE-1 Districts would have the fewest residents of the French Quarter, are the smallest districts, and fairly well removed from the heart of the residential areas.

Residential Districts

- Residents should be allowed additional income to offset the costs of caring for historic properties and living in high demand areas.
- Other historic neighborhoods have similar dense historic development patterns with minimal to no setbacks between structures.
- Allowing STRs could be a path for home-ownership, which is a goal of FQ advocates.



DISCLAIMER: This map was created by The City of New Orleans' City Planning Commission from The City of New Orleans Enterprise Geodatabase and was compiled from the most accurate information available. This product is for informational purposes and may not have been prepared for legal engineering or surveying purposes. The City is not responsible for any errors or omissions contained herein. Date: 4/15/2018

2018 Short Term Rental Study

Feedback from September 25, 2018 Public Hearing

Feedback

Platform Requirements

- Require platforms to get a license.
- Require additional data-sharing.
- Make platforms remove illegal listings.

Response

Platform Requirements

- Staff recommends requiring an annual license of platforms and updated data sharing requirements.
- The CPC staff recommends the platform regulations be focused on the *transaction* and not the *content* of the listing.
- Prohibit platforms and other booking services for conducting a business transaction for an unlicensed short term rental listing.
- Operators must include the license number in the listing.

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Feedback from September 25, 2018 Public Hearing

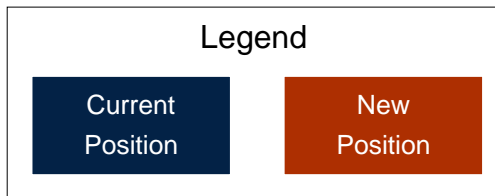
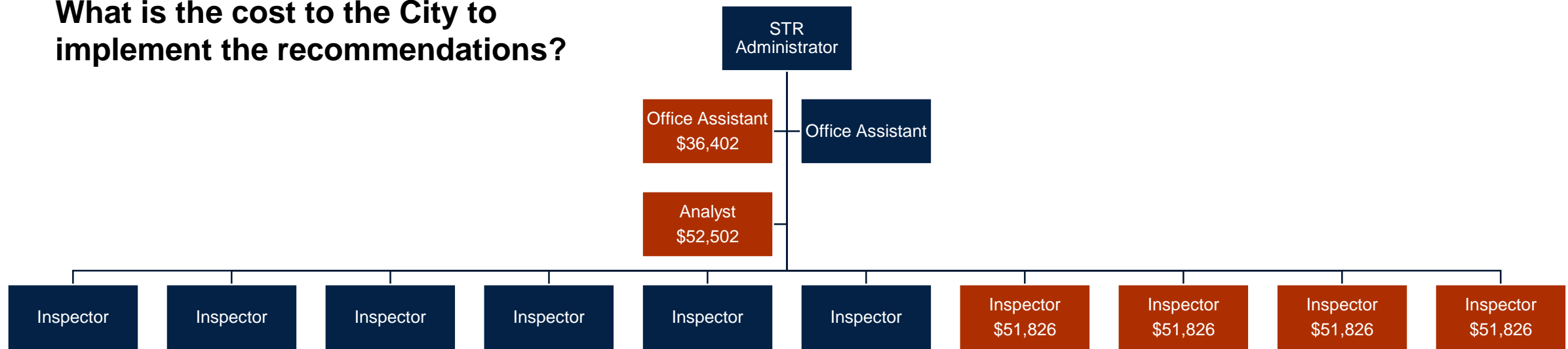
Previously Made Investments

- Many speakers felt as if the Council was “pulling the rug out” from under them.
- The City Council could choose to sunset licenses by allowing one last renewal, giving owners more time to convert back to long term renters. Other cities, such as Austin and Nashville have implemented similar measures.
- Most Temporary STR licenses would be expired by the time the Interim Zoning District ends and new regulations adopted.
- The Temporary STR use type was never intended to be a building’s primary use; thus, the 90 day per year limit and the name “Temporary.” Intermittent uses do not vest property rights.
- On the other hand, some speakers stated that they had “invested in neighborhoods” that have lost some of the residential fabric because of STRs.

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What is the cost to the City to implement the recommendations?



Current Personnel Costs: \$630,415
Proposed Personnel Costs: \$926,623

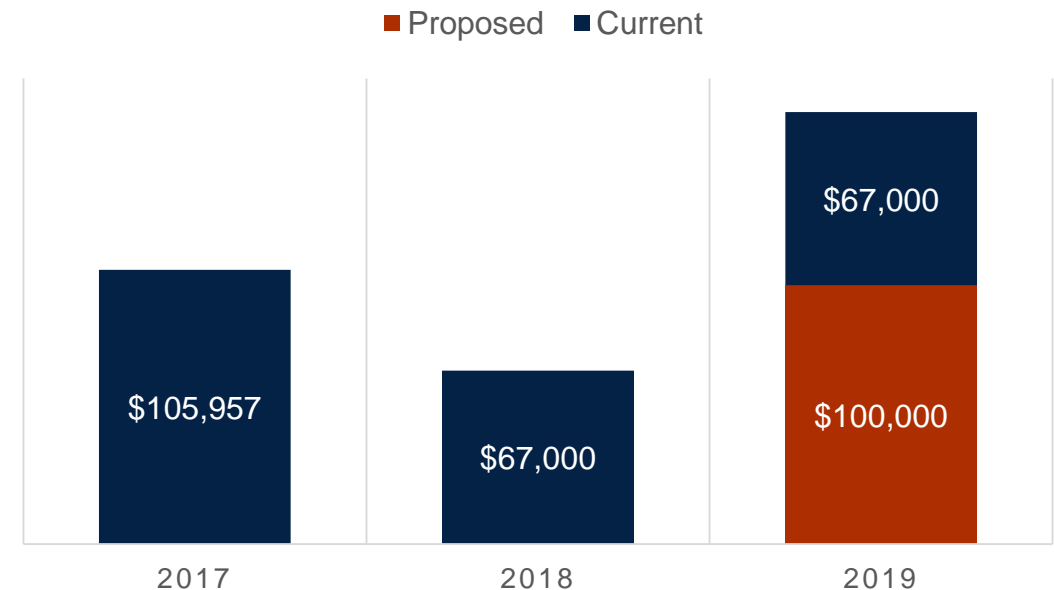
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Additional Operating Costs

- Estimated Costs
 - \$50-\$70,000 to develop IT process for notice.
 - \$45,000 for 3 Administrative Hearing Officers.
- Unknown Costs:
 - Mechanism for reporting 24/7 violations.
 - Third party provider/additional training.
 - The City should expect litigation from both the platforms and STR operators.

OPERATING COSTS – STR ADMINISTRATION



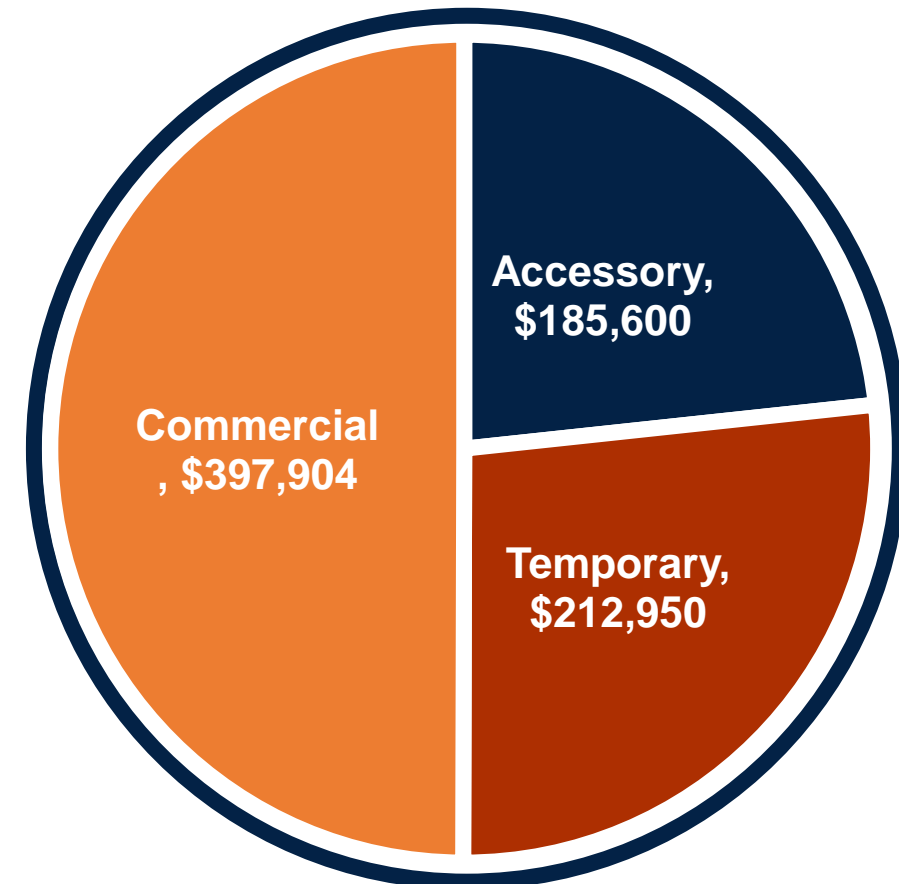
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Impact of Recommendations on Revenue

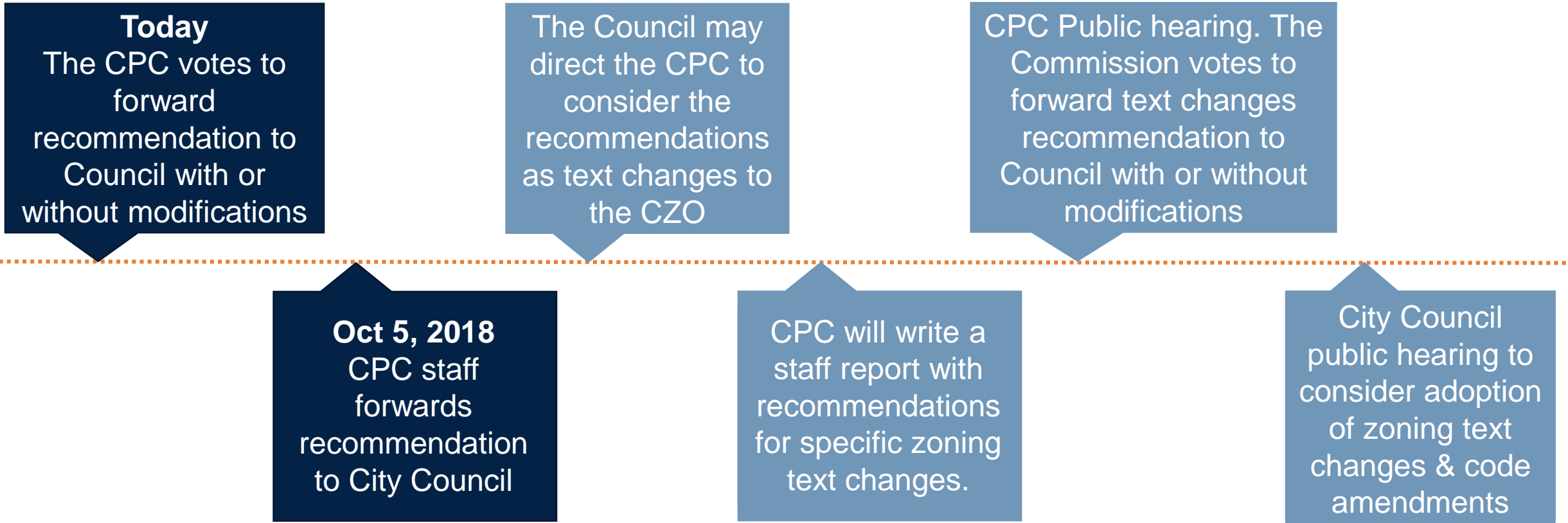
- Currently, most application fees are generated from Commercial licenses.
- Most accessory licenses would likely remain permitted.
- Most temporary licenses would be eliminated (approximately 1,403 or 65% of temporary licenses).
- Some temporary licenses have homestead exemptions or may be permitted as commercial.
- Unable to determine the impact of proposed regulations on commercial STRs.
- Fee increases should generate additional revenue to offset costs.

Current STR Fee Revenue



2018 Short Term Rental Study

Next Steps



2018 Short Term Rental Study

Public Hearing Rules

Special public hearing rules adopted for this meeting:

- Each speaker is limited to a maximum of 2 minutes.
- Those who signed up to speak at the previous meeting but who were unable to speak will be given preference.
- Speakers may not cede their time to another speaker.

Standard public hearing rules:

- Each speaker, before speaking on the proposal, shall give their name and address and state whom he or she is representing.
- All proper parliamentary procedure shall be followed including relevance of argument, recognition of speaker, and absolute prohibition of applause.
- Those wishing to speak should sign the speaker request form at the speakers' podium in front of the Chamber prior to the initiation of the hearing.

Due to a scheduled hearing in the Council Chambers, the meeting must end by 4 pm.