



# 2018 Short Term Rental Study

September 25, 2018  
CPC Public Hearing

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City of New Orleans  
City Planning Commission

# 2018 Short Term Rental Study

## *STR Background & History*

**August 20, 2015**

Motion M-15-391  
City Council  
directs CPC to  
conduct first STR  
study.

**May 5, 2016**

Council adopts Motion M-16-166 directing the CPC to consider a text amendment to implement changes to the CZO outlined in the STR Study.

**Dec 1, 2016**

Council passes ordinances adopting STR regulations in the CZO and licensing & enforcement regulations in City Code.

**Jan 26, 2016**

CPC completes STR Study and provides recommendations.

**August 9, 2016**

CPC makes a recommendation on proposed CZO changes.

**April 1, 2017**

STR regulations take effect and the City starts issuing STR licenses.



# 2018 Short Term Rental Study

## *Study Timeline*

**March 22, 2018**  
Motion M-18-86  
City Council  
directs CPC to  
conduct study.

**May 24, 2018**  
Council rescinds original study (M-18-194)  
and provides updated scope for study.  
Also adopts IZD (M-18-195) to temporarily  
prohibit the issuance or renewal of certain  
temporary & commercial licenses.

**August 20, 2018**  
The Council  
extends the  
deadline for the  
study to Oct 5<sup>th</sup>

**Sept 18, 2018**  
Study released to  
the public.

**April 24, 2018**  
CPC holds a  
public hearing to  
solicit comment  
on the study.

**July 10, 2018**  
CPC holds a  
public hearing to  
solicit comment  
on the study.

**Sept 17, 2018**  
Deadline for  
written comment  
for the study.



# 2018 Short Term Rental Study

## *Specific Requests from Motion M-18-194*

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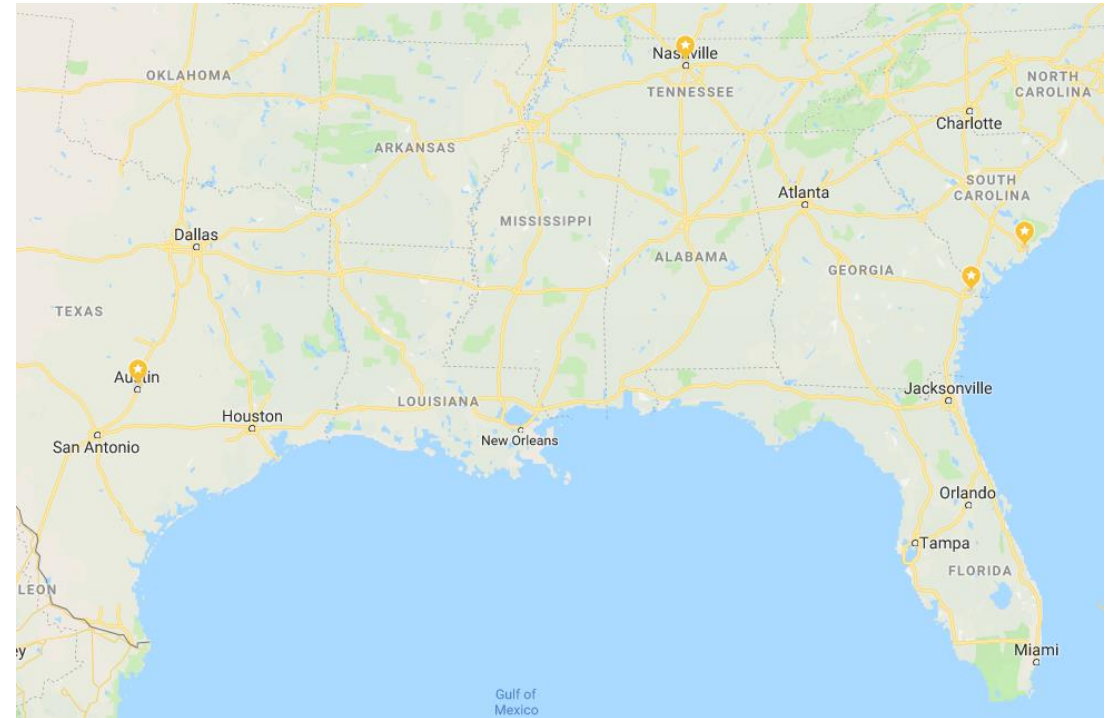
- Determine if amendments to existing laws are warranted and necessary;
- Reduce any **unintended secondary effects** of STRs relative to the residential fabric of the City;
- Ensure **platform accountability**;
- Amend categories and definitions;
- Make revisions to permitted/prohibited zoning categories;
- Update fee structure to more adequately address **housing affordability**;
- Create possible **remedies to the illegal operation** of STRs;
- Adopt the use of parcels, as opposed to municipal addresses, in issuing permits and licenses;
- Modify Commercial STR licensing regulations that would **encourage the development of multi-story commercial buildings** containing retail or other commercial uses on the first floor and residential uses, including Commercial STR, on subsequent floors; and
- Enforce additional/new prohibitions, if needed, including **capping measures** (such as limiting the number of licenses or creating restrictions based on block-face, spacing, or census tract), compliance standards, the **use of homestead exemptions** in issuing permits and licenses, data collection, enforcement mechanisms, and any **applicable regulations that may be available relative to the internet platforms** that provide STR listings.

# 2018 Short Term Rental Study

## *Specific Requests from Motion M-18-194*

The City Planning Commission should analyze similarly situated cities' regulations, including but not limited to:

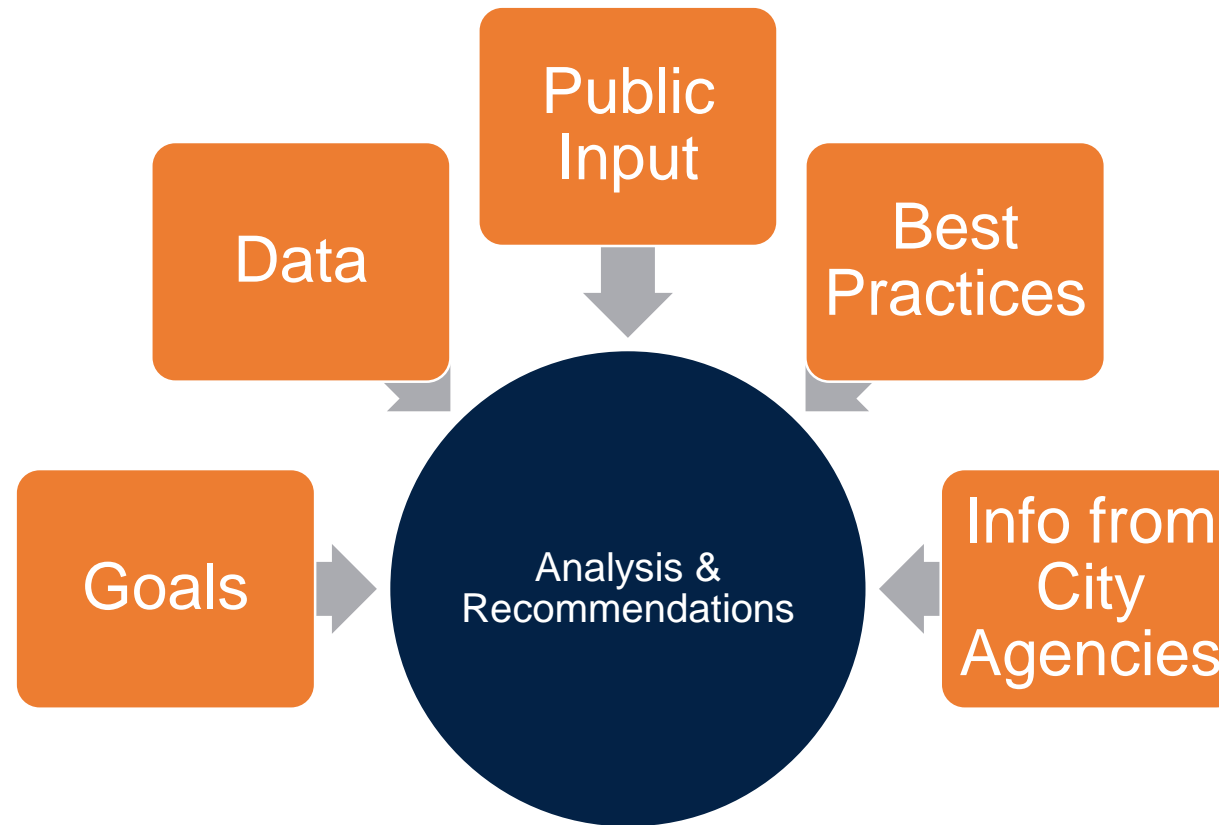
- The City of Charleston, which utilized the creation of a “Short Term Rental Overlay Zone” to limit the locations and neighborhood whereby an STR license can be obtained;
- The City of Nashville, which has only two categories of STR, STR-owner-occupied and STR-not-owner-occupied, and limits STR-not-owner-occupied to commercial areas;
- The City of Austin, which is phasing out “type 2” licenses (i.e. not owner occupied and not associated with an owner-occupied principal residential unit) by April 1, 2022; and
- The City of Savannah, which limits STR to mixed-use zoning districts.



# 2018 Short Term Rental Study

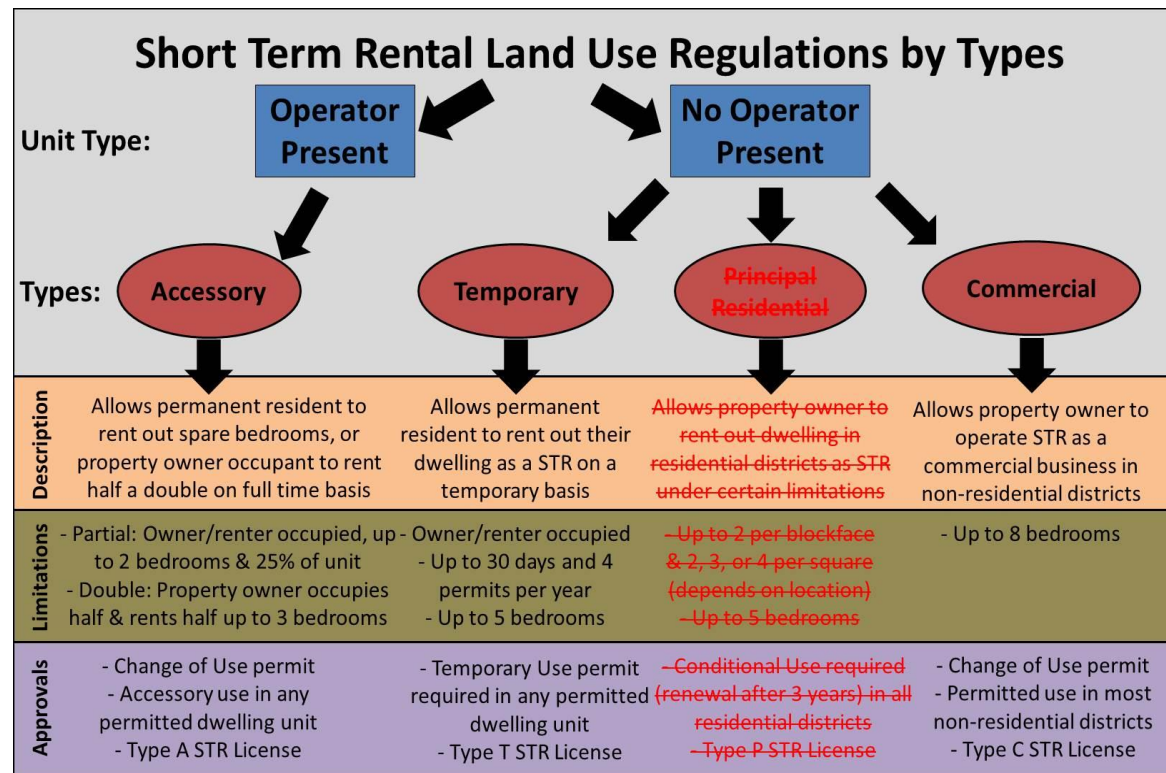
## *Methodology*

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# 2018 Short Term Rental Study

## Previous STR Study



- CPC staff recommended four types of STR licenses.
- The Commission recommended eliminating the Principal Residential type due to concerns about allowing whole-home short term rentals in residential districts where there the operator is not present onsite to manage and monitor the short term rental.
- The Council expanded the use of the Temporary Short Term Rental type:
  - Day limit increased from 30 days to 90 days
  - No longer required to be someone's permanent residence
- City Council voted against CPC recommendation to allow STRs in the French Quarter (except for the VCE District along Bourbon Street)

# 2018 Short Term Rental Study

## *Current Comprehensive Zoning Ordinance Regulations*

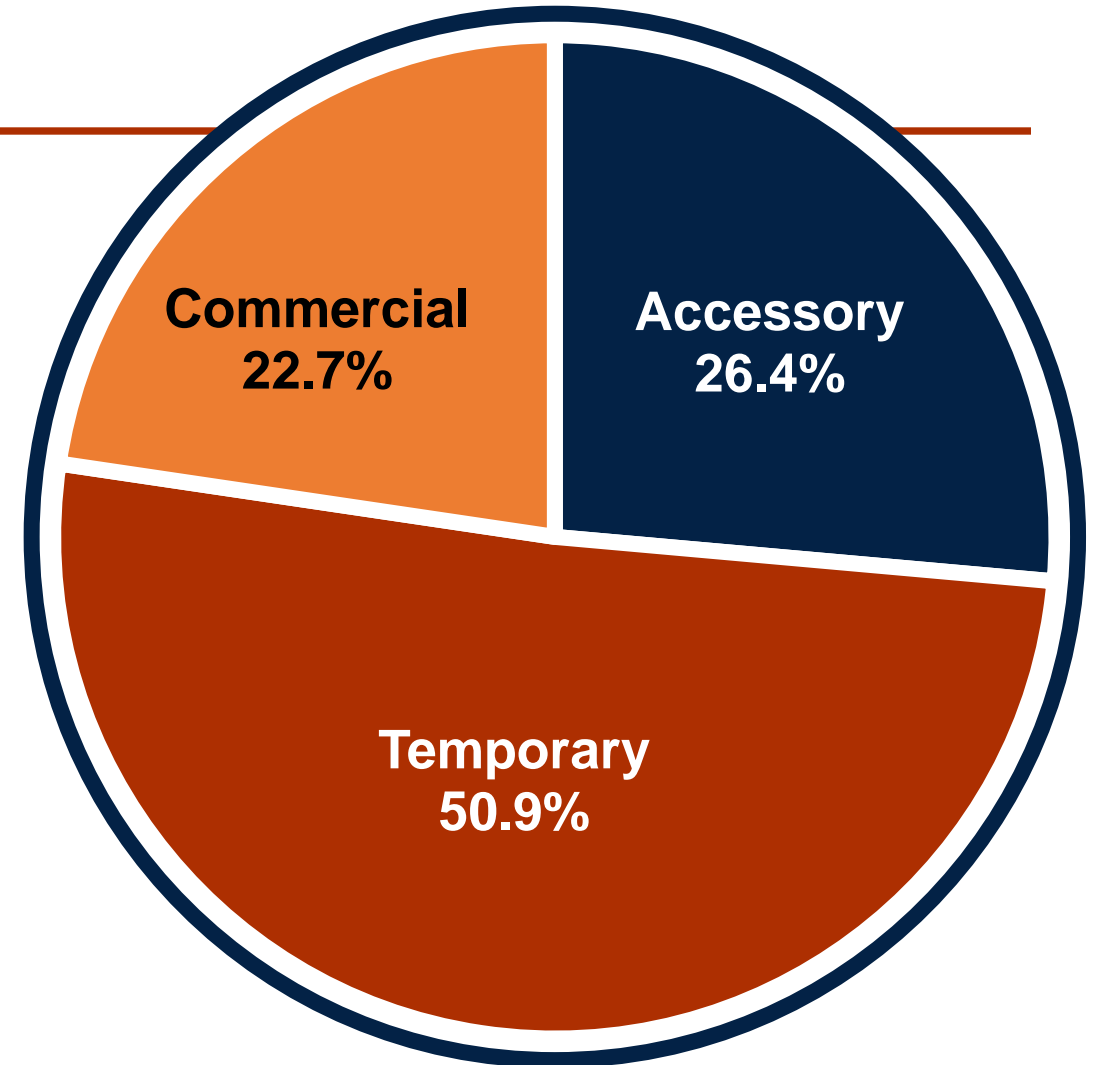
Accessory	Temporary	Commercial
Rental of a portion of an owner-occupied dwelling unit or a whole unit of an owner-occupied double. Owner must occupy the unit and be present during the guest's stay.	Rental of an entire dwelling unit. No owner or resident is required to be present during the guest's stay.	Rental of an entire dwelling unit in a non-residential district.
No more than 3 guest rooms and 6 total guests. Only one license per dwelling.	No more than 5 guest rooms. Not to exceed 90 days per year.	No more than 5 guest rooms. In HU-B1 & HU-MU limited to 2 per property, any greater is a conditional use
Any Zoning District where dwelling units are permitted except Vieux Carré.	Any Zoning District where dwelling units are permitted except Vieux Carré.	Restricted to non-residential and mixed-use districts, permission varies by district.



# 2018 Short Term Rental Study

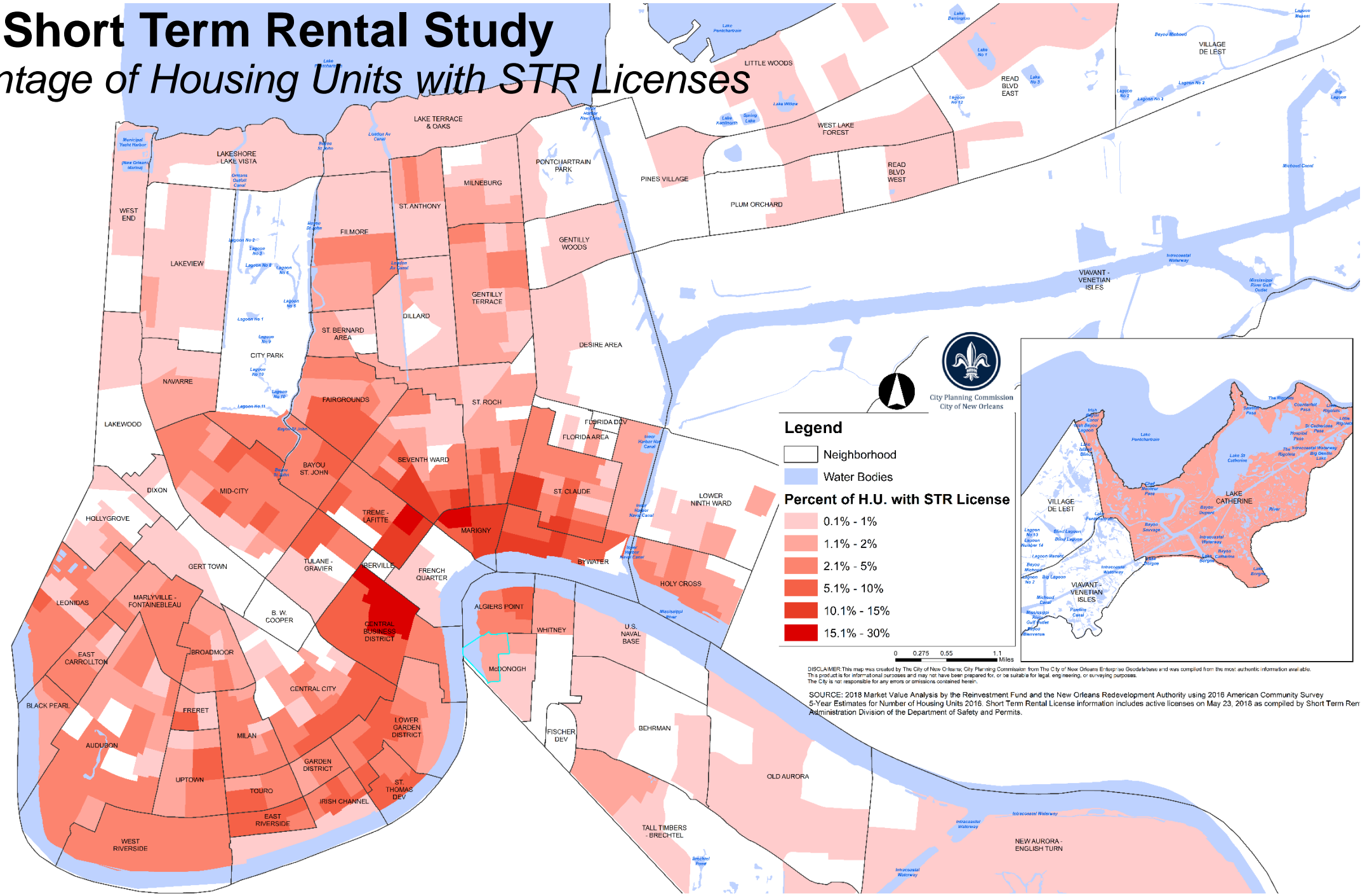
## *STR License Data*

- 4,210 active licenses as of May 23, 2018
- The major concentrations of licenses are within residential district groupings in the:
  - Historic Urban Neighborhoods (51.1%)
  - Historic Core (14.8%)
- % of Housing Units by Neighborhood:
  - Central Business District (19.2%)
  - Marigny (11.7%)
  - Bywater (7.7%)
  - Treme-Lafitte (7.1%)



# 2018 Short Term Rental Study

## Percentage of Housing Units with STR Licenses

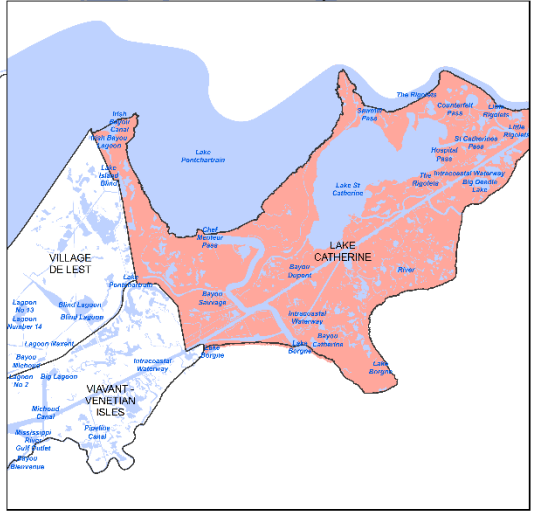


**Legend**

- Neighborhood
- Water Bodies

**Percent of H.U. with STR License**

- 0.1% - 1%
- 1.1% - 2%
- 2.1% - 5%
- 5.1% - 10%
- 10.1% - 15%
- 15.1% - 30%



DISCLAIMER: This map was created by The City of New Orleans, City Planning Commission, from The City of New Orleans Esri/Esri GeoBase and was compiled from the most authentic information available. This product is for informational purposes and may not have been prepared for, or be suitable for legal engineering, or surveying purposes. The City is not responsible for any errors or omissions contained herein.

SOURCE: 2018 Market Value Analysis by the Reinvestment Fund and the New Orleans Redevelopment Authority using 2016 American Community Survey 5-Year Estimates for Number of Housing Units 2016. Short Term Rental License Information includes active licenses on May 23, 2018 as compiled by Short Term Rental Administration Division of the Department of Safety and Permits.

# 2018 Short Term Rental Study

## *Key Findings*

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### **Accessory STRs**

- General consensus that the Accessory Short Term Rental is the least problematic type, since it requires owner-occupancy and the owner is present during the rental.
- Only permitted in two-family dwellings and don't account for other dwelling types.
- The name "Accessory" is confusing to the public.
- Only owners qualify for this type, which excludes renters who are the most impacted by displacement and rising rents.



# 2018 Short Term Rental Study

## Key Findings

### Temporary STRs

- Due to the lack of a permanent resident requirement, the Temporary STR license type has become a de-facto whole-home rental.
- This can cause quality of life issues, such as noise, loss of neighborhood character, trash, and other impacts.
- These negative impacts are exacerbated in residential areas, where most of the temporary licenses are located.

Sample configuration of accessory whole-unit short term rentals



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



- Currently, there is no limit on the number of temporary licenses per lot, which exacerbates this problem.
- The absence of density restrictions has led to a proliferation of Temporary STR licenses.

# 2018 Short Term Rental Study

## *Key Findings*

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## Commercial STRs

- Currently permitted in most commercial & mixed-use districts, including low-intensity neighborhood business and mixed use districts that are located adjacent to neighborhoods.
- Another major concern is the conversion of multi-family buildings to Commercial STRs.

# 2018 Short Term Rental Study

## *Key Findings*



### **Enforcement**

- There are limited resources in the Department of Safety & Permits to identify STR violations, process administrative adjudication hearings, and follow up on fines.
- The fines that may be imposed by a hearing officer are limited to \$500 per day for each violation of the ordinance by state law. For many short term rental operators, these fines are not a deterrent.

### **Operator Accountability**

- Lack of accountability for local property managers or operators of short term rentals.

# 2018 Short Term Rental Study

## Key Findings

### Platform Accountability

- The City requires monthly data reports from the platforms. The only platforms that have submitted the monthly reports currently are Airbnb and Expedia.
- Information provided in the reports and subpoena responses is not sufficient to take enforcement action against a particular property because it does not provide any identifiable information.
- Platforms have cited several legal issues with sharing information and complying with local zoning regulations including the First Amendment, Communication Decency Act, and the Stored Communications Act.
- Unlike in the past, the most popular platforms with STR hosts and visitors facilitate not only the short term rental advertisement, but also the commercial transaction.

*Excerpt from Airbnb Monthly Report (June 2018)*

anon_id	yt d	current_mont h	future_booked	permit_type
6ce0686c-791e-46ff-81dc-8f2b33a3d1a3	9	3	0	
69cfaed0-7fa6-4135-a712-3f3ad0d68b1a	23	2	0	PERMIT_TYPE_A
950076b4-a596-4ee3-ae21-16a7ed82e0df	89	17	14	
05633474-5bc9-4025-8d66-7a6b1691ff5a	49	10	4	PERMIT_TYPE_T

*Excerpt from Expedia Monthly Report (June 2018)*

ListingId	Booked Nights Count For Month	Booked Nights Count Rest Of Year
122663	9	20
296064	2	0
304088	0	0
308494	14	14
312807	7	0
318112	0	12
319865	0	0
329907	0	0

# 2018 Short Term Rental Study

## Key Findings

### Best Practices

- Many cities have enacted short term rental regulations in the past few years, but have since amended their policies with stricter regulations.
- There is no one-size-fits-all policy for STRs.
- Many of the cities studied require a host on-site during the stay of the STR guests.
- San Francisco and Santa Monica have successfully regulated platforms and overcome court challenges because their regulations are focused on the *transaction* and not the *content* of the listing.
- Other cities utilize third party vendors to enhance enforcement, helping City staff to find, adjudicate, and fine illegally operating STRs.

Charleston's STR Zoning Map





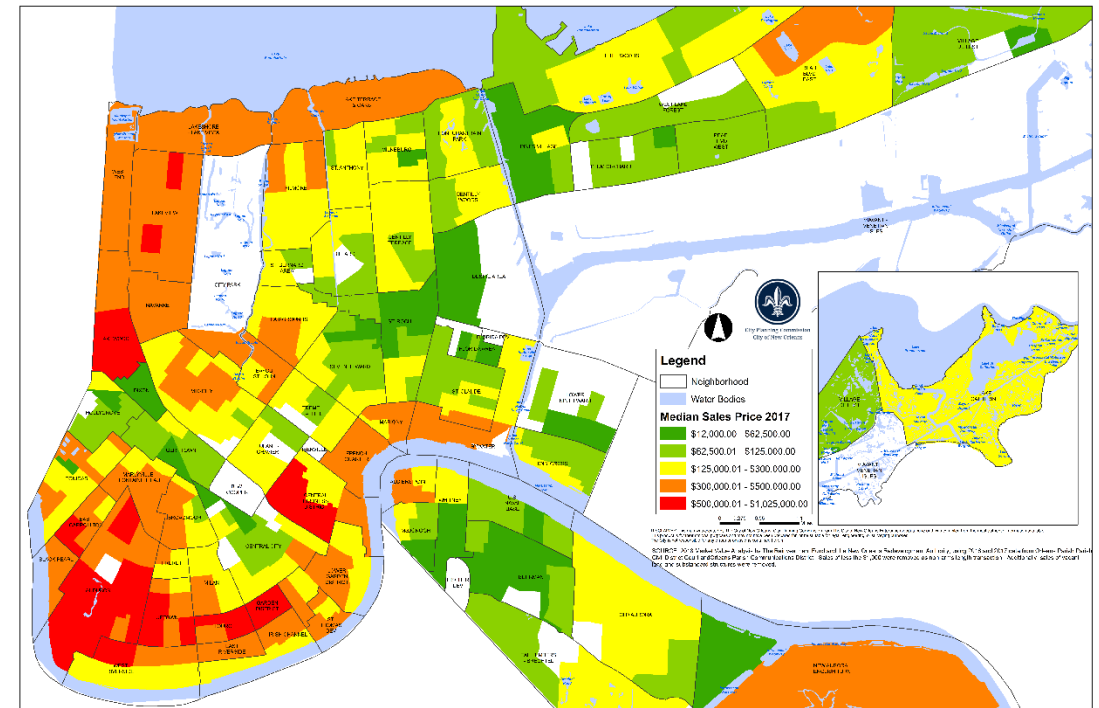
# 2018 Short Term Rental Study

## Key Findings

### Affordable Housing

- Finding a home to rent or purchase within an affordable range has become a significant challenge for many New Orleans residents
- There is no conclusive evidence demonstrating that STRs are the cause of housing unaffordability in New Orleans.
- There are a number of broader factors which have affected the housing market over the last decade which have led to increased housing costs.
- There is sufficient anecdotal evidence that STRs have exacerbated an already difficult market especially in the Historic Core, Historic Urban, and Central Business District neighborhoods where concentrations of STRs have been greatest.

Median Sales Values 2016-2017

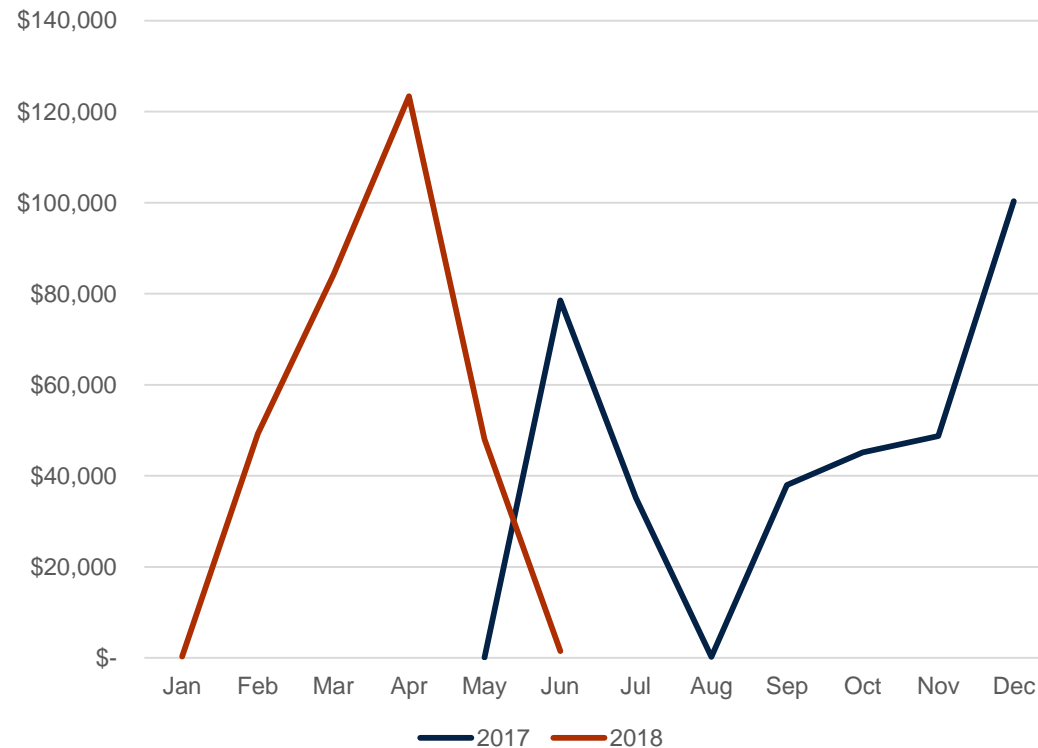


Source: NORA & the Reinvestment Fund

# 2018 Short Term Rental Study

## Key Findings

Neighborhood Housing Improvement Fund Contributions



### Neighborhood Housing Improvement Fund

- \$652,721 collected as of June 18, 2018,
- The Office of Community Development (OCD) manages the NHIF disbursements.
- In the 2018 budget proposal OCD allocated the funds to: Administrative Costs, Code Enforcement, Special Needs Home Repair Program, Home Match, Affordable Housing Development, Low Barrier Shelter, and Aging in Place Program.
- There is general consensus for raising the NHIF fee on nightly STR rentals to create more affordable housing.

### Gap Financing

- Some Commercial STR operators claim that the long-term lease of units in multi-family dwellings have provided much needed gap financing for multi-family developments.
- STR leases could provide guaranteed revenue stream for the projects, especially those with affordable housing units.



# 2018 Short Term Rental Study Recommendations

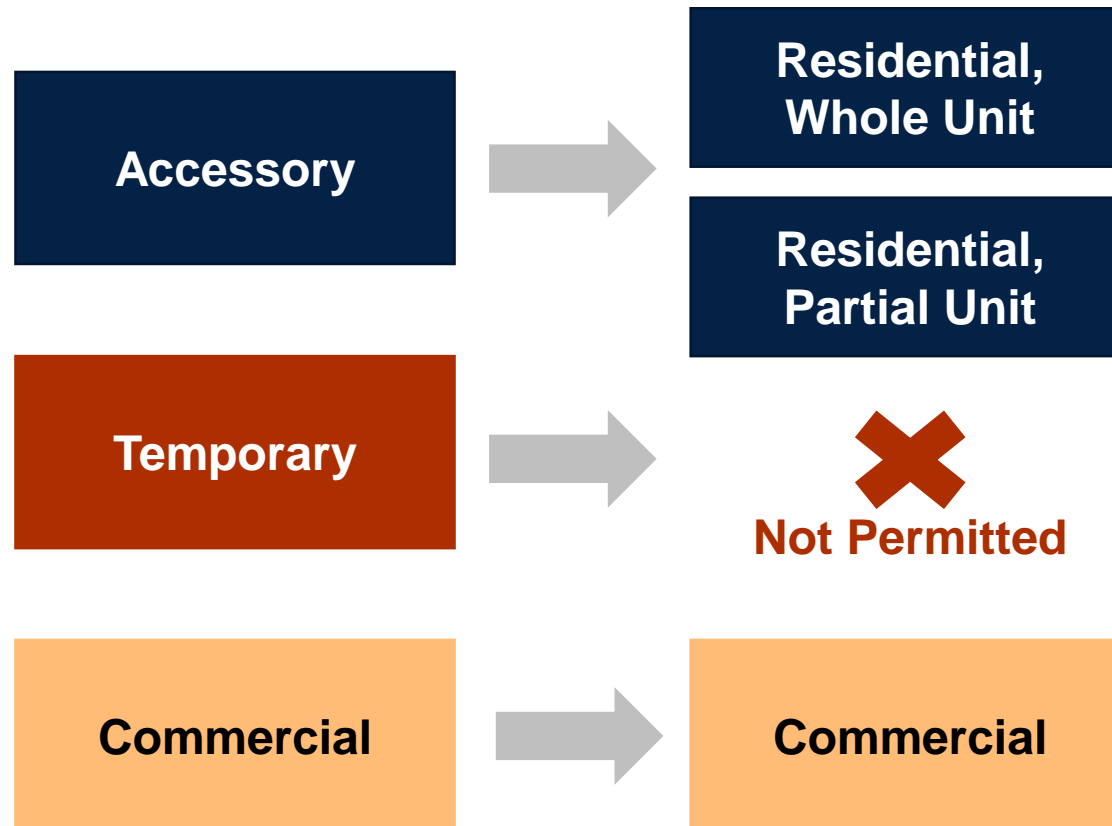
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**City of New Orleans**  
City Planning Commission

# 2018 Short Term Rental Study

## *Recommendations – Definitions*

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# 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 the other historic neighborhoods in the City.
- Limit one Whole Unit per lot.



# 2018 Short Term Rental Study

## *Recommendations – Permitted Districts*

### Commercial STRs

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- 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.

# 2018 Short Term Rental Study

## *Recommendations – Permitted Districts*

### Commercial STRs

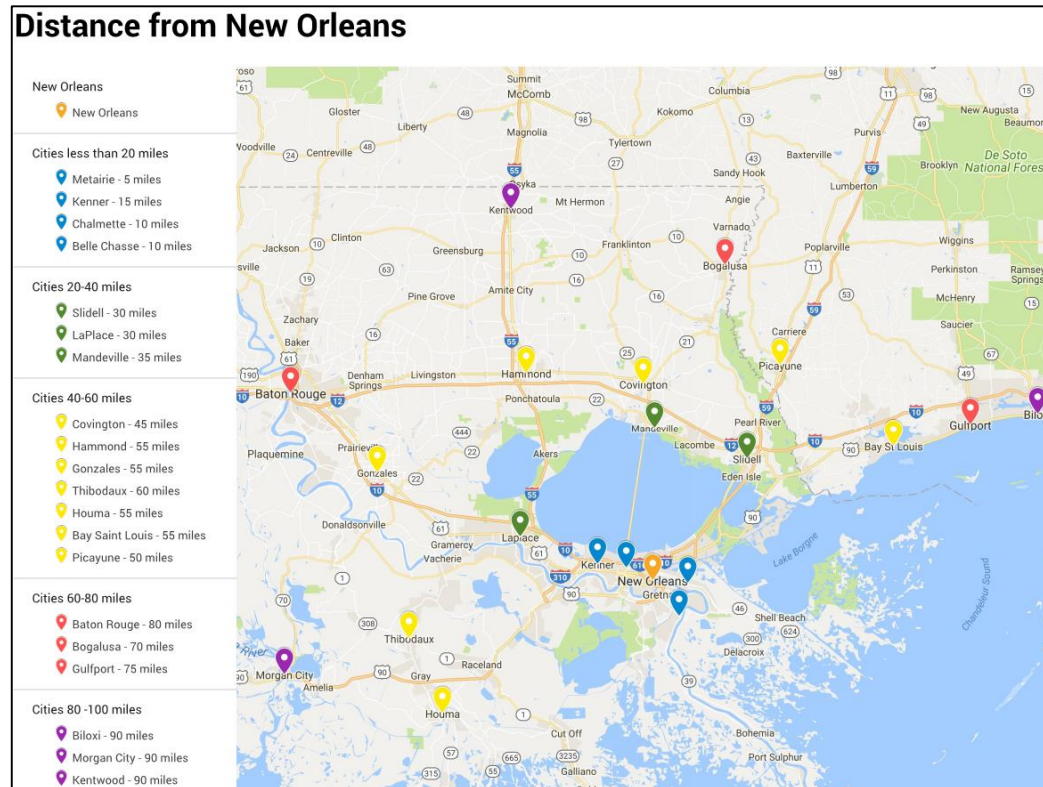
- Cap of 1 unit or 25% of all units per building, whichever is greater.
- This cap should not apply to the VCE District or properties with frontage along Canal Street between the River and Rampart Street.





# 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 – Permitting & Licensing*

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### **Application & Renewals**

- Notice should be provided once the license has been issued to surrounding property owners or occupants, which should include the license number, type, limitation, contact information, and how to report violations.
- Require additional documentation by the applicant at the time of application to verify information about the STR, which should include a Nuisance Prevention and Response Plan requirement, which could include a noise monitoring system.
- Develop a policy and appeal process for the revocation and non-renewal of licenses for owners and/or operators with a history of noncompliance with the regulations.

# 2018 Short Term Rental Study

## *Recommendations – Permitting & Licensing*

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### **Enforcement**

- Develop a separate administrative adjudication process for STR violations and ensure there is adequate funding in the Department of Safety and Permits and the City Attorney's office to process adjudications.
- Provide additional funding for proactive STR enforcement, to identify violations of the regulations via web scraping or other techniques. This could be provided by a third-party provider or achieved with ongoing education of City staff.
- Develop a 24/7 mechanism where citizens can report suspected violations of the STR regulations. Staff inspectors during the evenings, weekends, and during large tourist events to respond in real-time to complaints.
- The City should advocate for the amendment of State Law to increase the maximum daily fine to above \$500.

# 2018 Short Term Rental Study

## *Recommendations – Permitting & Licensing*

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### **Platform Accountability**

- Require platforms to register with the City and obtain an annual license.
- All platforms and booking agents that facilitate STR transactions should collect and remit the applicable taxes to the City of New Orleans.
- Additional data sharing requirements including addresses, listing identification or link, and license numbers in the monthly reports.

# 2018 Short Term Rental Study

## *Recommendations – Permitting & Licensing*

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### **Revenue**

- Require STR operators to register with the Bureau of Revenue as a prerequisite to obtaining a license.
- Operators shall keep a log of short term rental activity which includes date the unit was rented on a short term basis and fees for the rental. This log shall be maintained up to date and is subject to inspection by the City upon request and during the license renewal.
- Upon renewal, the operator shall present the Department of Safety and Permits with verification that all applicable taxes and fees have been paid.

# 2018 Short Term Rental Study

## *Recommendations*

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### **Affordable Housing**

- The money raised in the NHIF by STRs should be dedicated to affordable housing development and administrative fees to develop the affordable housing and should not be used for code enforcement regulation or other code compliance.
- Require an Affordable Housing Impact Analysis (AHIS) form at the time of application.
- Consider leveraging Commercial STRs above the cap in exchange for affordable housing units or by creating a program to assist potential homebuyers in securing gap financing.

# 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**

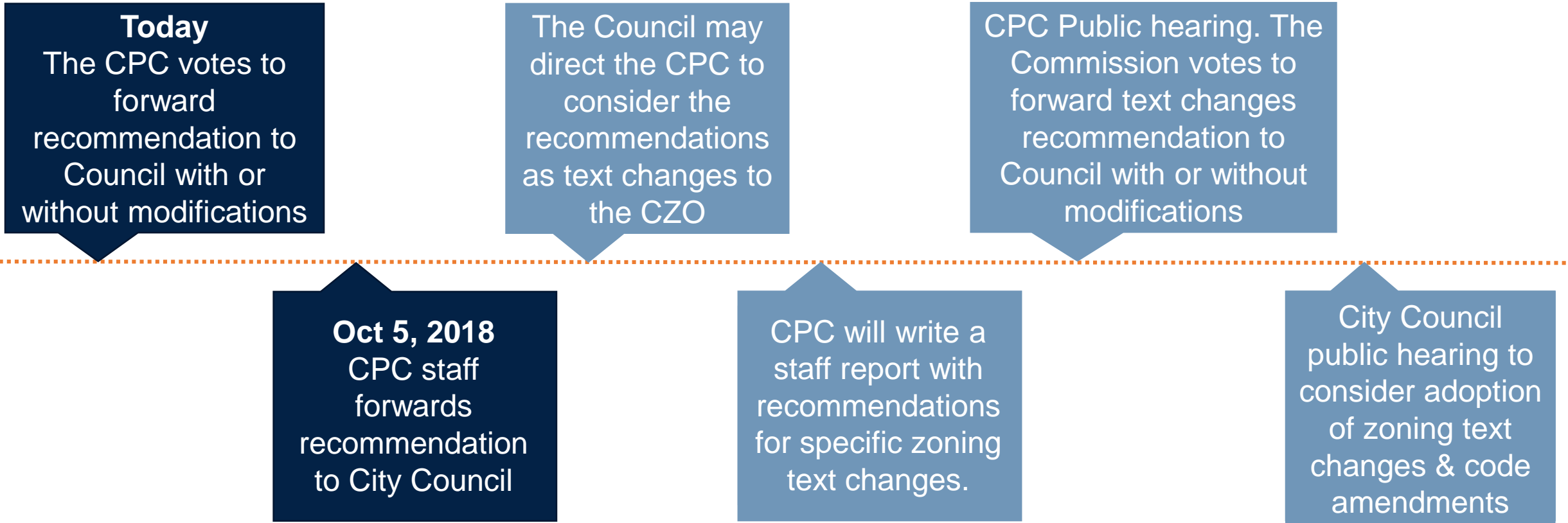
- \$8 per night for Whole Unit Residential & Commercial
- \$1 per night for Partial Residential

#### **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

## Next Steps





# 2018 Short Term Rental Study

## *Public Hearing Rules*

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**Special public hearing rules were adopted at the September 11, 2018 meeting of the City Planning Commission:**

- Each speaker is limited to a maximum of two (2) minutes.
- 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.