



City Manager's Office
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DATE: May 9, 2019

TO: Mayor and Councilmembers

FM: Ginny Sawyer, Project and Policy Manager *gls*

TH: Darin Atteberry, City Manager *DA*
 Jeff Mihelich, Deputy City Manager *J.M.*
 Kelly DiMartino, Senior Assistant City Manager *KD*

RE: May 28, 2019 Short-Term Rental (STR) Work Session

Bottom Line:

Staff is providing a high-level overview of the work session content in anticipation that Councilmembers may hear from residents prior to May 28.

At the May 28, 2019 work session, staff will be seeking Council directions on the following questions regarding short-term rentals (STRs):

1. How would Council like to address STRs in multifamily buildings going forward?
2. How would Council like to address existing STRs in multifamily buildings?

Between 2015-2017, the City, Council, and the community went through a multi-year process to develop a regulatory framework and licensing program for STRs. The STR licensing program has been in full operation since November 2017.

The STR licensing framework addresses tax collection, limitations through zoning, and basic safety assurances. However, it does not incorporate Building and Fire codes specific to buildings that have three or more dwelling units including typical triplexes, 4-plexes, condos, and apartments.

The Building Code refers to Transitory (R1) and Non-Transitory (R2) dwellings and has different building codes for each.:

R-1: Transitory	R-2: Non-Transitory
Boarding Houses (transient) with more than 10 occupants Congregant living facilities (transient) with more than 10 occupants Hotels (transient) Motels (transient)	Apartments Boarding Houses (non-transient) Convents & Monasteries Dormitories Fraternities & Sororities Hotels/Motels (non-transient) Vacation timeshare properties



There are currently 60 STR licenses in multifamily buildings. Since this issue came to light no STR licenses have been issued in multifamily buildings.

The previous Council also had a work session on this item and the summary from that meeting is attached.

While not finalized, May 28 materials will likely include the following options:

All Future STRs in Multifamily Buildings

Option A: Implement IBC Codes as written

This option would prohibit STRs in any multifamily building that is not built or upgraded to full R-1 standards.

Option B: 25% Threshold

This option looks at multifamily buildings as a whole. If the primary use of a building is non-transitory (30-days or longer residents) the building could remain at the R-2 occupancy level. Rather than consider 49% or 50% of units (which is what the draft to the IBC proposed) a more conservative 25% of the units as STRs is being proposed to stay under the requirement for any change. Triplexes would be allowed one STR unit.

Existing STR Licenses in Multifamily Building

As stated earlier, there are currently 60 STR licenses that are in multifamily buildings and impacted by any changes. The options below offer various ways to address these licenses.

1. If Council prefers Option A above (STRs only allowed in R-1 buildings) 60 existing licenses would be impacted. Options to address those licenses:
 - a. Grandfather them as-is
 - i. Allow them to remain as long as license stays current.
 - ii. Once license is not current (sale or non-renewal) license is done.
 - b. Grandfather with conditions
 - i. Non-fire sprinklered buildings would be required to have the following and then could then remain until the license is not current.
 1. Fire Alarm
 2. Direct exit out
 3. 1-hour wall/floor separations
 4. Bedroom egress windows
 5. Egress lighting
 6. Exit sign
 7. Smoke/CO alarms
 - ii. In fire sprinklered buildings, none of the additional conditions above would be required and STRs could remain until the license is no longer current.
 - c. Determine timeline to become compliant either through a building process or shifting to 30-day and longer rentals

Greater background and detail will be provided in the May 23, 2019 Council packet materials.



Attachment

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DATE: March 28, 2019

TO: Mayor Troxell and Councilmembers

FM: Ginny Sawyer, Project and Policy Manager *GS*

TH: Darin Atteberry, City Manager *DA*
Jeff Mihelich, Deputy City Manager *J.M.*
Kelly DiMartino, Senior Assistant City Manager *KD*

RE: March 26, 2019 Work Session Summary: Short-Term Rentals (STR)

All Councilmembers were present.

Staff provided background on the issue, an update on current STR status, an overview on outreach, and options for addressing alignment of STR licensing and building and fire codes.

Options presented:

Option 1 - This option maintains and requires all building and fire codes as they exist today.

Currently the International Building Code and Fire Code regulate buildings with 3 or more dwelling units based on whether the primary use of the building is for transient (R1- less than 30-days) or non-transient (R2-more than 30 days) use.

Option 2 - This option considered a 25% cap on STRs in R2 multifamily before triggering R1 compliance.

Proposal based on limiting risk and considering the use of a building as a whole. International Building Code commission has seen one proposal to address multifamily buildings as an R2 if less than 50% of units are STRs.

General comments:

- Many comments expressing a desire to maintain and require R1 level of safety features in multifamily if any units are utilized as STRs.
- Some feel STRs should be available as long-term housing for local residents and questioned whether STRs should be allowed in multifamily under any circumstance.
- Some support for a balanced approach and consideration for buildings that are sprinklered but do not meet full R1 standards.

Follow-up Items:

- Based on Council direction, staff will bring code changes to Council on April 16, 2019 that will clarify that all STRs in multifamily must meet R1 building codes.
- April 16 materials will also include a plan and timeline for compliance.
- Staff has notified all STR license holders and all attendees at previous outreach meetings of the direction going forward.

