



City of Norman, OK

Municipal Building
Council Chambers
201 West Gray
Norman, OK 73069

Master

File Number: O-1920-56

File ID: O-1920-56

Type: Ordinance

Status: Non-Consent Items

Version: 1

Reference: Item 21

In Control: City Council

Department: Planning and
Community
Development
Department

Cost:

File Created: 04/21/2020

File Name: Short-term Rentals Ordinance

Final Action:

Title: CONSIDERATION OF ORDINANCE O-1920-56 UPON SECOND AND FINAL READING: AN ORDINANCE OF THE COUNCIL OF THE CITY OF NORMAN, OKLAHOMA, ADDING 13-108(U) SHORT TERM RENTAL FEE; ADDING ARTICLE XXXV SHORT TERM RENTALS, SECTIONS 13-3500 THROUGH 13-3508; ADDING PURPOSE, GENERAL CONDITIONS, LICENSE APPLICATION REQUIREMENTS, ISSUANCE OF LICENSE REQUIREMENTS, COVENANTS; DEED RESTRICTIONS; OVERLAY REQUIREMENTS, FEES, REQUIRED INFORMATION TO BE POSTED AND PROVIDED TO GUESTS, LICENSE RENEWAL, LICENSE DENIAL, SUSPENSION OR REVOCATION; AMENDING THE FOLLOWING SECTIONS IN ARTICLE XIV OF CHAPTER 22 (ZONING ORDINANCE), 420.1 (A-1, GENERAL AGRICULTURAL DISTRICT), 420.2 (A-2, RURAL AGRICULTURAL DISTRICT), 420.3 (RE, RESIDENTIAL ESTATE DWELLING DISTRICT), 421.1 (R-1, SINGLE-FAMILY DWELLING DISTRICT), 422.2 (RM-4, MOBILE HOME PARK DISTRICT), 422.9 (O-1, OFFICE-INSTITUTIONAL DISTRICT), 423.1 (CO, SUBURBAN OFFICE COMMERCIAL DISTRICT), 424.2 (TC, TOURIST COMMERCIAL DISTRICT), 429, (MUD, MIXED USE DEVELOPMENT DISTRICT); ADDING SECTION 431.11, SHORT-TERM RENTALS; AND AMENDING SECTION 450 (DEFINITIONS) ALL IN ORDER TO UPDATE CITY CODE LICENSING PROVISIONS AND THE ZONING ORDINANCE TO ALLOW FOR SHORT TERM RENTALS, AND TO ADD DEFINITIONS AND OTHER RELATED PROVISIONS; AND PROVIDING FOR THE SEVERABILITY THEREOF.

Notes: ACTION NEEDED: Motion to adopt or reject Ordinance O-1920-56 upon Second Reading section by section.

ACTION TAKEN: _____

ACTION NEEDED: Motion to adopt or reject Ordinance O-1920-56 upon Final Reading as a whole.

ACTION TAKEN: _____

Agenda Date: 07/28/2020

Agenda Number: 21

Attachments: 7-14-20 - O-2021-4 - STR (Annotated), 7-14-20 - O-2021-4 (Clean), Host Compliance 2020 agreement, 5-14-20 PC Minutes - O-1920-56, Staff Report - Short-Term Rentals

Project Manager: Jane Hudson, Director of Planning & Community Developm

Entered by: rone.tromble@normanok.gov

Effective Date:

History of Legislative File

Ver- sion:	Acting Body:	Date:	Action:	Sent To:	Due Date:	Return Date:	Result:
1	Planning Commission	05/14/2020	Recommended for Adoption at a subsequent City Council Meeting	City Council	06/09/2020		Pass
	Action Text:	That this Ordinance be Recommended for Adoption at a subsequent City Council Meeting. to the City Council due back on 6/9/2020 by consent roll call					
1	City Council	07/14/2020	Introduced and adopted on First Reading by title only				Pass
	Action Text:	That this Ordinance be Introduced and adopted on First Reading by title only. by consent roll call					
1	City Council	07/28/2020					

Text of Legislative File O-1920-56

Body

BACKGROUND: Short-term rentals (STR) have been discussed at more than ten conferences since February 2018, including Planning Commission on May 14, 2020. The licensing requirements for a short term rental will be added to Article XXXV, Sections 13-3500 through 13-3508 in Chapter 13 Licenses and Occupations, including adding a fee for STRs in 13-108(u). STRs will be allowed in all zoning districts except Rural Commercial, Light Industrial, Heavy Industrial and restricted Industrial. PUD (planned unit development) and SPUD (simple planned unit development) will require Council approval or special use. In the Center City Form Based Code (CCFBC), STR’s will be permitted as “overnight lodging” on the upper story in the Urban General, Urban Storefront and Urban Residential BFSs. STR’s are permitted as “overnight lodging” with additional regulations on the ground floor in Urban General, Urban Storefront and Urban Residential BFSs.

DISCUSSION: Attached is the proposed ordinance to be added as Sections 13-3500 through 13-3508 licensing short-term rentals, amendment of Sec. 13-108(u) adding a STR fee, amendments to the zoning districts permitting STR’s as an allowed use and zoning districts requiring Council approval or Special Use and zoning districts not allowing STR’s. Also attached is a copy of the First Amendment to Host Compliance Services Agreement.

Monitoring Service.

In March 2019, the City contracted with Host Compliance for Address Identification, a live web-delivered dashboard with complete address information and screenshots of all identifiable STRs in the City of Norman's jurisdiction. As of June 30, 2020, data from the dashboard indicated there were 191 STR units listed on social platforms such as Airbnb, Homeaway, Vacation Rentals, VRBO, TripAdvisor and Flipkey in or near Norman. 77% are single family and are an entire home. 32% are three bedrooms and 36% have two bathrooms. Only 4% have four or more bedrooms.

On April 3, 2020, the City contracted for additional services available in addition to the Address Identification currently being accessed through the Host Compliance dashboard. Other contracted services are:

- Compliance Monitoring. Ongoing monitoring of the STR operating in Norman's jurisdiction for zoning and permit compliance coupled with systematic outreach to unpermitted and/or illegal STR operators (using Norman form letters).
- 24/7 STR Hotline. 24/7 staffed telephone and online hotline for neighbors to report non-emergency problems related to STR properties.
- Rental Activity Monitoring and Tax Collection Support. Ongoing monitoring of jurisdiction's STR properties for signs of rental activity and/or tax compliance. This includes automatic monitoring of review activity over 15 STR websites, weekly screenshots of reviews and calendars for each active listing, quarterly pro-active, systematic and date-informed outreach to STR operators regarding their tax remittance obligations (using Norman form letters), quarterly staff report on jurisdiction's STR tax compliance, up-to-date STR landlords of suspected under-reporting axes and related documentation.
- Mobile Enabled Web Based Tax Assessment Collection Forms. The development and hosting of an electronic web-based STR tax assessment collection forms.
- Mobile Enabled Web Based Registration. The development and hosting of an electronic web-based STR rental form.

Host Compliance developed a software program unique to the City of Norman. If approved, "launch letter" will be sent to all STR's currently operating in Norman in order for them to be fully licensed, 30 days from the second reading on July 28, 2020. The total annual cost for all the services is \$25,000.

Fees

The STR Licensing Ordinance establishes a \$150 annual licensing fee and a \$50 inspection

fee. Assuming 150 STRs complete the requirements for licensing, the annual fees collected would be \$22,500, which would cover most of the annual cost of the monitoring service. The inspection fee would generate \$7,500 annually with an estimated 150 STRs.

Tax Estimate

After consultation with Host Compliance regarding the average number of nights booked for each STR in Norman, they estimated approximately 200 nights per STR annually. Host Compliance developed its estimate from a third-party that does not monitor all STR websites but monitors by zip code. The data showed an average nightly rate of \$90. Below are calculations for annual tax collection for three different average annual nights per STR.

$\$90 \times 200 \text{ nights} \times 150 \text{ STRs} = \$2,700,000 \times 5\% \text{ (hotel/motel tax rate)} = \$135,000$

$\$90 \times 150 \text{ nights} \times 150 \text{ STRs} = \$2,025,000 \times 5\% \text{ (hotel/motel tax rate)} = \$101,250$

$\$90 \times 100 \text{ nights} \times 150 \text{ STRs} = \$1,350,000 \times 5\% \text{ (hotel/motel tax rate)} = \$ 67,500$

RECOMMENDATION: It is the recommendation of City staff to move forward with approval of Article XXXV Short-Term Rentals, Sections 13-3500 through 13-3508 for licensing of Short-Term Rentals in the specified districts as an allowed use and adding the fees for short-term rentals in Sec. 13-1089(u).