

## CITY COUNCIL STUDY SESSION MINUTES

March 31, 2020

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in a virtual study session at 5:38 p.m. in the Municipal Building Conference Room on the 31st day of March, 2020, and notice and agenda of the meeting were posted at the Municipal Building at 201 West Gray 48 hours prior to the beginning of the meeting.

PRESENT:	Councilmembers Bierman, Carter, Hall, Holman, Petrone, Scanlon, Scott, Wilson, Mayor Clark
ABSENT:	None

Item 1, being:

CONTINUED DISCUSSION REGARDING SHORT TERM RENTALS (COMMERCIAL, HOME SHARING SUCH AS AIRBNB, HOME AWAY, AND VRBO).

Ms. Jeanne Snider, Assistant City Attorney, said short-term rentals (STRs) have been discussed since February 2018, and more recently on October 8, 2019, and November 26, 2019. She highlighted general conditions that include no person shall manage/operate STR without a license and payment of fees, but could have additional locations by applying for Special Use zoning; STRs are not permitted outdoors in accessory structures (sheds, garages) or in recreational vehicles; only one party of guests allowed per location; no one under 18 years old can rent a STR; commercial or social events are prohibited; outward appearance of property must be that of a residential dwelling; there can be no adverse effects to the residential character of neighborhood; no use of sound equipment, amplified music, an musical instruments is allowed; shall not violate parking ordinances; must have local contact; and must regularly update information.

Ms. Snider highlighted license application requirements that includes name, street address, mailing address, telephone of owner, email address of owner, and local contact information; a local contact who must be available 24 hours per day/seven days a week; certification by property owner that there is no outstanding City Code or state law violations; proof of current insurance; proof of payment of occupancy taxes; number of bedrooms and proposed occupancy limits; diagram of proposed layout, on-site parking, floor plan with five exits/escape routes; required egress windows in bedroom must be operational; operational smoke detectors, carbon monoxide detectors, and fire extinguishers; property must be in compliance with City's minimum property maintenance, building, electrical, mechanical, and plumbing requirements; an annual inspection; and notification of affected property (immediately adjacent to/directly across the street or alley in any direction).

Ms. Snider said the license shall contain the street address of the STR; the license holder's name; license number, rental limitations, including bedroom limit and occupancy; local contact information for complaints; valid dates of license; proof structure has valid certification of occupancy or compliance; and property must not be subject to City Code or state violations.

Ms. Snider said the ordinance is not intended to be construed in derogation of or in conflict with any restrictive covenant, deed restriction, or lease agreement that may be applicable. Any section of the ordinance shall be subject to any applicable overlay district or provision thereof or any zoning restriction unique to a particular area or parcel.

The license holder shall post information in a prominent location in the interior, clearly visible to guests and provide a packet of information summarizing restrictions that includes license number; operator or property manager, name and phone number; local contact person name and phone number; occupancy limits; noise, parking, burn ban, and water restrictions; trash and recycling rules and pick-up dates; and prohibition of use for commercial or social events. License renewals will include a renewal fee; documentation hotel occupancy taxes have been paid; updates of any changes on information required; property not subject to outstanding City Code or state violations; application can be denied by the City if information is not provided; and violation of provisions of the City Code or other applicable law is grounds to deny, suspend, or revoke a license.

Ms. Snider said if the licensee fails to comply with any conditions, the City may deny, suspend, or revoke the license. If the property is subject to violations of the City Code or state law during a 24-month period prior to submitting the application, the City can deny, suspend, or revoke the license based on frequency of any repeated violations, whether a violation was committed intentionally or knowingly, or any other information that demonstrates the degree to which owner or occupant has endangered public health, safety, or welfare.

Councilmember Hall asked if the applicant can be a company or does the applicant have to be a person and Ms. Snider said the property owner is the applicant whether that property owner is a company or a person. Councilmember Hall said if the applicant is a company, will the City know the name of the person(s) who owns the company and Ms. Snider said the City can always obtain that information from the Secretary of State. Councilmember Hall said a single company can have several different corporation names that could allow them to apply for multiple STR licenses and Ms. Snider said she will need to research that issue.

Councilmember Hall asked how many violations a STR can have before the licensed is revoked or suspended and Ms. Brenda Hall, City Clerk, said the City will follow the current guidelines of requiring three convictions before a Review Board would be held to determine the status of the license. She said the Review Board really tries to work with the applicant towards compliance because compliance is the goal.

Councilmember Wilson asked how the ordinance will be handled in light of the current pandemic situation and Ms. Hall said the City is currently in its annual license renewal period and Staff is being very flexible with businesses, especially those that have been closed. She said once they reopen and begin selling again they will be expected to renew their license without penalties. She said this particular ordinance will not go into effect until thirty days after Council approval, but it has to be presented to the Planning Commission first which meets once a month. She is hopeful that by the time the ordinance is approved, the pandemic will be over.

Ms. Snider said she has been working with Host Compliance who, if approved by Council, will be monitoring STR rentals that includes 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) - \$2,462; providing a 24 hour hotline for neighbors to report non-emergency problems related to STR properties - \$1,969; an address identification service that provides complete address and owner information of each STR from a number of social platforms such as AirBNB and VRBO; automatic monitoring of review activity of 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; quarterly staff report on STR tax compliance; and up-to-date STR landlords suspected of under reporting taxes and related documentation - \$3,282. Host Compliance will also develop and host a mobile enabled electronic web-based STR tax assessment collection form - \$5,000 and mobile enabled electronic STR rental form - \$5,000 for an annual cost of \$25,213. She said assuming 150 STRs complete the requirements for licensing, the annual fees collected would be \$22,400, which would almost cover the costs of the monitoring service with the balance being generated from annual inspection fees.

Ms. Snider said after a consultation with Host Compliance regarding the average number of nights booked for each STR in Norman, they estimated approximately 200 nights per STR annually. The data showed an average nightly rate of \$90 that would bring in tax collections as follows:

- $\$90 \times 200 \text{ nights} \times 150 \text{ STRs} = \$2,700,000 \times 5\% \text{ (hotel/motel tax rate)} - \$135,000$
- $\$90 \times 150 \text{ nights} \times 150 \text{ STRs} = \$2,025,000 \times 5\% \text{ (hotel/motel tax rate)} - \$101,250$
- $\$90 \times 100 \text{ nights} \times 150 \text{ STRs} = \$1,350,000 \times 5\% \text{ (hotel/motel tax rate)} - \$ 67,500$

Councilmembers Hall and Bierman requested the City wait on instituting the 24-hour hotline portion of the contract until the City has a better understanding of whether or not it would be needed. Councilmember Bierman said complaints can be submitted to the Action Center at this time and be reviewed later if complaints become burdensome to Staff.

Ms. Jane Hudson, Director of Planning and Community Development, said discussions have included zoning, licensing, inspections, and host monitoring service contract. She highlighted zoning districts where STRs would be an allowed use i.e., A-1, General Agricultural District; A-2, Rural Agricultural District; RE, Residential Estate Dwelling District; R-1, Single Family Dwelling District; R-1-A, Single Family Attached Dwelling District; R-2, Two Family Dwelling District; RM-2, Low Density Apartment District; RM-4, Mobile Home Park District; RM-6, Medium Density Apartment District; R-3, Multi-Family Dwelling District; RO, Residence Office District; CO, Suburban Office Commercial District; C-1, Local Commercial District; C-2, General Commercial District; C-3, Intensive Commercial District; TC, Tourist Commercial District; and MUD, Mixed Use Development District. She said districts requiring Council approval or a Special Use Permit include PUD, Planned Unit Development; SPUD, Small Planned Unit Development; and O-1, Office Institutional District.

Councilmember Hall asked how the Center City Form Based Code (CCFBC) District plays into these allowed districts and Ms. Walker said if STRs are allowed in the CCFBC District, it would require an amendment to the CCFBC ordinance.

Mayor Clark said there seems to be support from Council to move forward with the ordinance and monitoring services.

Items submitted for the record

1. Memorandum dated March 31, 2020, from Jane Hudson, Planning and Development Director, and Jeanne Snider, Assistant City Attorney, to Honorable Mayor and City Councilmembers
2. Draft Ordinance
3. Chapter 22. Zoning Ordinance, Districts permitting Short Term Rentals (STR) as an allowed use, Districts requiring Council Approval or Special Use to house STR, and Districts not allowing Short Term Rentals (STR)
4. Cost-effective solutions to Norman's short-term rental monitoring and compliance problems (Host Compliance) dated January 2020
5. PowerPoint presentation entitled, "Short Term Rental Discussion, STR: Ordinance and Contract," Council Study Session dated March 31, 2020

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The meeting was adjourned at 6:43 p.m.

ATTEST:

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City Clerk

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Mayor