

## CITY COUNCIL SPECIAL SESSION MINUTES

July 10, 2018

The City Council of the City of Norman, Cleveland County, State of Oklahoma, met in Special Session at 5:10 p.m. in the Municipal Building Conference Room on the 10th day of July, 2018, and notice and agenda of the meeting were posted in the Municipal Building at 201 West Gray and the Norman Public Library at 225 North Webster 24 hours prior to the beginning of the meeting.

PRESENT: Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller

ABSENT: None

Item 1, being:

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

Ms. Jeanne Snider, Assistant City Attorney, said the City Council Oversight Committee had several meetings regarding Short-Term Rentals (STR) and Staff spent a lot of time researching STR regulations across the country. In the February 15, 2018, Oversight Committee meeting, Staff was asked to prepare an ordinance for further discussion and on May 10, 2018, the Oversight Committee made suggestions to be incorporated into draft ordinance language to be presented to the full Council in a Study Session. She said the draft ordinance specified sixteen (16) required General Conditions for all licensed STR as well as four (4) different categories of STR with specific requirements for each category. The draft ordinance also includes criteria for license requirements, fees, posting requirements, and an appeal process.

Ms. Snider said tonight Council will discuss regulations for STR that include whether there should be requirements for 24/7 contact; multi-unit apartment limitations; number of licenses per year/per applicant; minimum distance between STR licensed properties; insurance; number of guests allowed; ownership restricted to individuals; different categories/types; inspections; Americans with Disabilities Act (ADA) requirements; fees; and no commercial or social events.

Proposed General Conditions include the following:

- No person shall operate STR without license, paying fee (October 1 thru September 30);
- No more than (to be determined) STR licenses to any applicant;
- License placard prominently displayed on front façade of structure, clearly visible;
- Not permitted outdoors, in accessory structure (shed, garage, etc.) or recreational vehicle;
- Only one party of guests – any under 21 prohibited from renting STR;
- Outwardly appear as a residential dwelling;
- Shall not adversely affect residential character of neighborhood or generate noise, vibration, glare, odors or other effects that unreasonably interfere with person's enjoyment of his/her property;
- License only issued to natural person, name appears on deed to property or a trust if beneficiary is a natural person;
- No residential structure shall be removed for parking;
- May not use or allow use of sound equipment, amplified music, or musical instruments;
- Designated local contact in Norman metro area to respond to emergencies;
- Designated local contact be available to respond within one hour;
- Licensee must provide change of local contact within three business days;
- Valid license number shall be on any listing advertising or soliciting property for use as STR, shall only advertise STR as allowed by license, owner/person in control may not advertise/allow another to advertise or promote if not licensed.

Ms. Snider highlighted License Categories as follows:

Type A – Accessory Short-Term Rental: limited to three bedrooms; occupancy limited to six guests; must be at least one bedroom in the dwelling for owner/occupant; owner occupant shall occupy the dwelling and be present during STR stay; no limitation on number of rental nights per license year; and proof of owner/occupancy established by verification of Warranty Deed.

Item 1, continued:

Type T – Temporary Short-Term Rental: maximum of 95 rental nights per license year; license year October 1 through September 30; occupancy limited to two guests per bedroom or total of ten guests; ten guests includes children under the age of 18, whichever is less; entire dwelling may be rented; owner does not need to be present; and no signs advertising the presence of STR are allowed.

Type C – Commercial Short-Term Rentals – allows rental of entire dwelling; occupancy limited to five bedrooms and ten guests; owner/occupant does not need to be present during the rental period; no limitation on the number of rental nights per license year; and must be in a non-residential zoning district.

Type M – Multiple Unit Short-Term Rentals – lots containing up to four units with only one unit on same property licensed; unit cannot be rented for more than 95 days per license year; and for lots containing five or more units, only two units may be used for STR without a restriction on the number of days STR may be rented.

Mayor Miller said she is not comfortable allowing an entire house to be rented without an owner/occupant being present. She said the Oversight Committee discussed certain residential areas of Norman where residents would not be comfortable with allowing a STR. Also, allowing ten guests in one house that can be rented for 95 nights per license per year in a residential neighborhood makes her uncomfortable. Councilmember Bierman said she has stayed in quite a few Airbnbs in quite a few cities and almost all of them have been in residential areas. She said her family holds family reunions every other year and they rent Airbnbs for multiple people in residential areas, which is preferred since residential area homes tend to have more bedrooms that tend to fit renter's needs. She said considering Norman already has 300 plus STRs operating and there have been very few problems she would be interested in seeing how many citations have been issued to people with a STR. She does not want to limit STRs so strictly that owners will go to Craigslist to get around being able to rent a home that is not subjected to monitoring or licensing. Mayor Miller said she has stayed in Airbnbs as well, but she knows what a party of ten or more people on a University of Oklahoma (OU) game day will look like and that concerns her. She said there have been no limitations placed on a block of homes and there are many blocks of residential areas near campus that can almost become hotel districts.

Councilmember Holman is concerned about commercial activity in a residential area. How would this not want to be a commercial entity? How can the City allow a commercial entity to operate in a residentially zoned area? Why is the City only going to allow this particular commercial activity and not others? He said there would be no point to residential zoning if there are commercial entities operating out of houses.

Councilmember Wilson said Airbnb should be regulated like other cottage industry uses and cap out at a specific dollar amount. She suggested allowing less number of days per year to rent homes. Mayor Miller said owner occupied seems to have more control and there are several mixed-use areas where it would make sense to have Airbnbs. She did not know how the City could control STRs in all the neighborhoods unless there are more limitations on the number of people and number of days.

Councilmember Holman asked how Airbnb works in the Center City Form Based Code (CCFBC) area and Ms. Snider that is something that has not really been fleshed out.

Councilmember Castleberry asked what the difference would be between renting a house to a family or individual versus operating an Airbnb because they both seem like commercial ventures and Ms. Snider said renting a house for 30 days or less meets the definition of a hotel, which is not allowed. Councilmember Castleberry said he would like a broader, less restrictive look at STRs and as problems arise, Council can tighten the regulations. Councilmember Bierman agreed and said there are entities in Norman whose livelihood is making money off of residential property so she would like to start broad and limit it as it becomes problematic. She would rather not limit STRs so heavily that people will rent in other communities instead of Norman. Mayor Miller said rental problems are also an issue, especially those with owners that live out of state. She said these are issues citizens complain about constantly.

Councilmember Castleberry said he is also sympathetic to the hotel industry and protecting that industry from this direct competition. He said hotels are required to have someone on-site and require licenses, etc., but when he stays at an Airbnb he does not want the owner on-site. If he wanted an owner on-site, he would stay at a Bed and Breakfast.

Councilmember Holman asked what common problems Norman has experienced with STRs and Ms. Snider said there has been one complaint property, but the complaints are valid and are not much different from what she has seen across the country. She said complaints include transients coming in and

Item 1, continued:

out of the neighborhood, increased traffic, increased parking, loud parties, trash, etc. She said property

owners want to keep the residential character of their neighborhood. Councilmember Holman said if he rents a house, he can invite as many people over as he wants as often as he wants and Norman is a University town so there are a lot of transient residents in Norman for a short period of time.

Councilmember Wilson suggested reviewing complaints on a case by case basis for possible revocation of a license since there has only been one complaint so far.

Councilmember Bierman said, in most neighborhoods, no one would be able to tell the difference between rental properties and owner occupied properties. She said there are several properties in Norman that have been operating for years as a STR. She does not have a problem with the regulations as written, but does not want to restrict STRs from residential zoning or restrict how many are allowed in an area. She said some Homeowner Associations (HOAs) restrict rentals in some neighborhoods, which offers some protection for that neighborhood.

Ms. Snider said issuance of licenses will require street address of STR; license holder's name; type of license, license number, rental limitations; contact information for local contact; dates license is valid; structure has valid certificate of occupancy; and property not subject to outstanding city or state law violations.

City Council will need to decide the fees for each category and require license information posted in a prominent location clearly visible to guests as well as a packet provided to renters summarizing restrictions; license number; name of owner/operator, property manager, local contact; occupancy limits; noise restrictions including prohibition on use of sound equipment, amplified music, musical instruments; parking restrictions, burn bans, water restrictions; trash and recycling collection rules and dates; prohibition of use of STR for commercial or social events; and floor plan with fire exit and escape routes.

License renewal requirements will consists of a renewal fee; documentation of occupancy taxes paid; updates of any changes; property not subject to outstanding city or state law violations; structure not a hazard to life, health, or public safety; Director may deny to renew if applicant does not provide all information; and violation of any provision of City Code or applicable law is grounds to deny, suspend, or revoke license.

License denial, suspension, or revocation will occur if licensee fails to comply with any conditions of STR requirements; property is subject to violations of City Code or state law during 24 month period prior to submission of application based on frequency of repeated violations, violation committed intentionally or knowingly, or any other information that demonstrates owner/occupant endangered public health, safety, or welfare. The licensee may appeal the Director's decision to deny, suspend, or revoke license to the City Manager.

Ms. Snider said Section 440.3 of the City Zoning Code provides for a penalty range of \$50 to \$750 for violations and each day that a violation or failure to comply exists, constitutes a separate distinct offense.

Councilmember Carter asked if the license fees will offset the monitoring costs and Ms. Snider said yes, the license fees should cover monitoring service costs.

Councilmember Bierman would like the dollar amount of property insurance required to be no less than what is required for Bed and Breakfasts.

Councilmember Bierman asked if the monitoring service offers assistance with capturing taxes and Ms. Snider said yes, they have the ability to provide some assistance.

Councilmember Scott would like to reduce the age to eighteen (18) for eligible renters instead of twenty-one (21). Councilmember Bierman asked if Airbnb has age restrictions and Ms. Snider said she would need to research that.

Councilmember Castleberry said he is not ready to move forward with this ordinance because more information is needed. Ms. Snider said some cities are moving forward and going back to amend the ordinances as problems arise. Councilmember Bierman and Mayor Miller said they are not happy with some of the categories, specifically restricting the number of days and no owner required to be present.

Councilmember Castleberry suggested waiting on further discussion until after the Council Retreat to see if this is a high priority issue.

Item 1, continued:

Councilmember Carter said the ordinance will not be set in stone so if Council wanted to amend certain regulations that could be done. He said there is no way the City will get ordinance language right the first time and it is crazy not to have STR requirements and licenses.

Councilmember Wilson suggested sending the draft ordinance back to the Oversight Committee to address tonight's questions and comments and make additional recommendations. She felt this should be a priority so the City can begin collecting hotel/motel tax as soon as possible. Mayor Miller said the next Oversight Committee meeting will be in August and asked Ms. Snider to continue to work with the Oversight Committee on appropriate language.

Items submitted for the record

1. Memorandum dated July 5, 2018, from Susan Connors, Planning and Community Development Director, to Mayor and Councilmembers
2. PowerPoint presentation entitled, "City Council Study Session - Short Term Rentals," dated July 5, 2018
3. Draft ordinance

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Item 2, being:

CONSIDERATION OF ADJOURNING INTO AN EXECUTIVE SESSION AS AUTHORIZED BY OKLAHOMA STATUTES, TITLE 25 § 307(B)(4) IN ORDER TO DISCUSS PENDING LITIGATION ASSOCIATED WITH GOLDEN TRIBE, L.L.C., VS. CITY OF NORMAN, CLEVELAND COUNTY COURT CASE CV-2018-1142 AND FLESKE HOLDING COMPANY, L.L.C., VS. CITY OF NORMAN, CLEVELAND COUNTY COURT CASE CV-2018-956.

Councilmember Wilson moved that the Special Session be adjourned out of and an Executive Session be convened into in order to discuss pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142, and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956, which motion was duly seconded by Councilmember Castleberry; and the question being upon adjourning out of the Special Session and convening into an Executive Session in order to discuss pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142, and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
NAYES:	None

The Mayor declared the motion carried and the Special Session adjourned out of; and an Executive Session was convened into in order to discuss pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142 and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956.

The City Council adjourned into Executive Session at 6:10 p.m. Mr. Steve Lewis, City Manager; Mr. Jeff Bryant, City Attorney; and Mr. Rick Knighton, Assistant City Attorney, were in attendance at the Executive Session.

Due to time constraints, Council was unable to finish discussing pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142 and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956. Thereupon, Councilmember Castleberry moved that the City Council Special Session be recessed, which motion was duly seconded by Councilmember Holman; and the question being upon recessing the City Council Special Session, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
NAYES:	None

The Mayor declared the motion carried and the City Council Special Session was recessed.

Item 2, continued:

The City Council recessed the City Council Special Session at 6:31 p.m. with plans to reconvene after the regular meeting.

Thereupon, Councilmember Bierman moved that the City Council Special Session be reconvened, which motion was duly seconded by Councilmember Wilson; and the question being upon reconvening the City Council Special Session, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
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NAYES:	None
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Thereupon, Councilmember Bierman moved that the City Council Special Session be adjourned out of and an Executive Session be convened into in order to discuss pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142 and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956, which motion was duly seconded by Councilmember Wilson; and the question being upon adjourning out of the City Council Special Session and convening into an Executive Session, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
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NAYES:	None
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The Mayor declared the motion carried and the City Council Special Session adjourned out of and the Executive Session was convened into in order to discuss pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142 and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956.

The City Council convened into Executive Session at 9:41 p.m. Mr. Steve Lewis, City Manager; Mr. Jeff Bryant, City Attorney; and Mr. Rick Knighton, Assistant City Attorney, were in attendance at the Executive Session.

Thereupon, Councilmember Castleberry moved that the Executive Session be adjourned out of and the City Council Special Session be reconvened, which motion was duly seconded by Councilmember Holman; and the question being upon adjourning out of the Executive Session in order to reconvene into the City Council Special Session, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
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NAYES:	None
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The Mayor declared the motion carried and the Executive Session adjourned out of and the City Council Special Session was reconvened.

The Executive Session was adjourned out of at 10:25 p.m.

The Mayor said the possible pending litigation associated with Golden Tribe, L.L.C., vs. City of Norman, Cleveland County Court Case CV 2018-1142, and Fleske Holding Company, L.L.C., vs. City of Norman, Cleveland County Court Case CV-2018-956, were discussed in Executive Session. No action was taken and no votes were cast.

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ADJOURNMENT

There being no further business, Councilmember Castleberry moved that the meeting be adjourned, which motion was duly seconded by Councilmember Holman; and the question being upon adjournment of the meeting, a vote was taken with the following result:

YEAS:	Councilmembers Bierman, Carter, Castleberry, Clark, Hickman, Holman, Scott, Wilson, Mayor Miller
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NAYES:	None
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The Mayor declared the motion carried and the meeting was adjourned at 10:25 p.m.

ATTEST:

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City Clerk

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Mayor