

**COUNCIL ACTION FORM**

**SUBJECT: CREATION OF A NEW CHAPTER OF THE AMES MUNICIPAL CODE, KNOWN AS CHAPTER 35, GUEST LODGING CODE- ESTABLISHING DEFINITIONS, ADMINISTRATION, STANDARDS, LICENSING, AND ENFORCEMENT FOR GUEST LODGING AND AMENDING THE TEXT OF THE ZONING ORDINANCE (CHAPTER 29) AND THE RENTAL HOUSING CODE (CHAPTER 13) TO ALLOW THEIR USE AND ESTABLISHING A FEE FOR LICENSURE.**

**BACKGROUND:**

City Council has discussed Guest Lodging standards and licensing for approximately 18 months addressing a variety of issues related to classification of the use and allowances for it in different area of the city. The City Council most recently provided direction to staff on September 10, 2019 regarding the Vacation Lodging separation standard and an initial exemption process. Council then directed staff to proceed with finalizing ordinances for all aspects of Guest Lodging. Complete draft ordinances have now been completed per City Council direction. A new public hearing notice for this meeting also was published in the paper to allow for approval on first reading of the proposed standards.

**The attached three ordinances reflect a compilation of all of the changes directed by City Council to date for the implementation of Guest Lodging within the City of Ames.**

The changes necessary to create a new use of Guest Lodging are extensive:

1. Create a new type of principal and accessory use within the Zoning Ordinance (Chapter 29) and list allowed uses within each zoning district,
2. Establish a new licensure chapter (Chapter 35) of the *Ames Municipal Code*, and
3. Modify the Rental Housing Code (Chapter 13) with clarifying text amendments.

The attached ordinances offer four variations to accommodate Guest Lodging. These are broken down into two categories (accessory use and principal use) based upon potential incompatibility with surrounding residential uses.

The most basic form of Guest Lodging is as an accessory use to household living. Those within this Guest Lodging type include: Hosted Home Share, Home Share and Apartment Share. These have a relatively easy approval process based upon their accessory function to the primary owner or primary apartment tenant typically being present coordinated with a guest stay.

The involved and intense versions of Guest Lodging are those Guest Lodging uses that are considered principal uses without household living. Included are: Bed & Breakfast

Establishments and Vacation Lodging. Bed & Breakfast Establishments require a Special Use Permit (SUP) for the owner to operate up to five bedrooms of short term lodging while also living in the home. Vacation Lodging is the exclusive use of dwelling with no requirement for a regular owner or occupant to be reside at the home and requires a Rental Letter of Compliance (LOC) and may require a SUP. Furthermore, apartment dwellings licensed to operate as Vacation Lodging in certain zoning districts are exempt from the SUP requirement, but will comply with LOC requirements and limits of 10% of the total units operating with a guest lodging license. Apartment Dwellings that are considered to be a non-conforming use (only applies within certain low density zoning districts) will not be approved as Vacation Lodging and no Vacation Lodging use may be established on the ground floor of a commercial building or mixed use building.

**For one and two-family family dwelling types, a SUP is required and a 1000-foot separation is required between license units within one and two family homes. Per City Council direction, the ordinance includes an initial exemption period for certain properties with a valid Rental Code Letter of Compliance that was issued prior to October 1, 2019.** Additionally, the property owner must submit a complete application for a Vacation Lodging Special Use Permit between December 1-16, 2019, and the property owner must apply for the Guest Lodging License within 30 days of the ZBA approval of the Special Use Permit. These dates may be modified depending on the final schedule of adoption of the ordinances. **However, the proposed exemptions are not transferable to new property owners and may terminate if the Guest Lodging license for the unit has been suspended, revoked, or has lapsed. Vacation Lodging must be the principal use of the property that is licensed to be allowed to renew the license in the future.**

**Vacation Lodging is not permitted as a second principal use on a site with a single-family dwelling. Additionally, only one Vacation Lodging unit may be established for a property with a two-family dwelling, meaning only one half of a duplex may be used for Guest Lodging while the other unit can be either owner occupied or rented out as household living.**

It is a requirement for the licensing of a Vacation Lodging unit that it would operate for the majority of the year (more than six months of the prior year). This language prevents someone from indefinitely holding a Guest Lodging License in an area subject to the 1000-foot separation standard, just for the purposes of preventing the use by someone else in their neighborhood or to hold onto an exemption for an extended period of time with no intent to use the license.

The process for approval of Vacation Rental within a single family dwelling requires three steps. The property must first be registered as a rental property and have completed their initial property inspection to obtain a LOC, prior to applying for a SUP. Upon completion of the inspection identifying any noted deficiencies the project may move forward through the SUP process for a public hearing in front of the Zoning Board of Adjustment. If approved by the ZBA, the property owner must then obtain the final LOC prior to seeking the Guest Lodging license.

**It should be noted that under this proposal, neither the SUP or the license itself would be transferable to a subsequent owner or to another property, and the SUP shall be**

**deemed expired and void after a one-year period of disuse of the dwelling unit for Guest Lodging purposes or upon nonrenewal of a Guest Lodging license. A new owner would be required to seek a new Special Use Permit, which would also make them subject to the 1000-foot separation requirement after the proposed date of December 16<sup>th</sup>.**

The following is short summary of Guest Lodging standards as previously described in prior Council Action Forms:

- Duration of Stay. Guest Lodging would be for a period of 31 consecutive days or less to the same person.
- Occupancy Limitations. Occupancy limitations vary by unit type and are generally based on the number of guest bedrooms with a maximum number of adults allowed.
- Annual licensing. An annual license would be required with an annual licensing fee, in addition to any other city permits and fees.
- Parking. On-site parking subject to minimum parking requirements of Section 29.406.
- Fire Safety Requirements. Compliance with fire safety requirements of the Rental Housing Code (means of egress and fire protection systems) would be required of all Guest Lodging units. A checklist will be made available and applicants will be required to indicate compliance.
- Inspections. All applications would be subject to verification and inspection for compliance. Subsequent inspections would be at the discretion of the Enforcement Officer.
- Renewal/Revocation Standards. The license to operate Guest Lodging may be revoked if it was determined that the Guest Lodging was operating inconsistent with the licensing standards or if there are verified complaints with notice of correction action regarding its operation. An appeal process to the Zoning Board of Adjustment would be included.

The proposed regulations provide clear expectations with defined standards for the licensing and operating of Guest Lodging, and if needed, enforcement or license revocation. The goal is to minimize possible negative impacts to surrounding residential properties and neighborhoods from use of home for transient guest stays.

An annual licensing fee of \$50 would suffice in covering administration costs and inspections. This fee would be in-line with the annual rental housing registration renewal fee for a single-family home. The fee schedule should also include an additional inspection fee for the third correction inspection consistent with Rental Code requirements.

## **ALTERNATIVES:**

**1a.** The City Council can adopt on first reading by separate motion, each of the attached ordinances:

- i. Ordinance creating a new chapter of the *Ames Municipal Code* known as Chapter 35, Guest Lodging Code, establishing definitions, administration, standards, licensing, and enforcement for Guest Lodging, and

- ii. Ordinance amending the text of the Zoning Ordinance (Chapter 29), and
- iii. Ordinance amending text of the Rental Housing Code (Chapter 13) to allow the use of Guest Lodging, and

**1b.** The City Council can at the time of third reading and passage of the ordinances described in Alternative #1a, establish a fee by resolution for Guest Lodging licensure for 2019-2020 at \$50.

**2.** City Council can continue the public hearing to a date certain and direct modifications to the draft ordinances prior to first reading.

**3.** The City Council can adopt on first reading, a modified version of any of the three attached ordinances and establish a fee for Guest Lodging licensure upon third reading of the ordinances.

### **CITY MANAGER'S RECOMMENDED ACTION:**

Each type of Guest Lodging (Hosted Home Share, Home Share, Apartment Share, Bed & Breakfast Establishment, and Vacation Lodging) has unique attributes related to occupancy, parking, and the approval process. However, objective criteria are included in the text to enable review for compliance and approval. Additional scrutiny through the Special Use Permit process for Bed & Breakfast Establishments and Vacation Lodging will help to ensure neighborhood compatibility. Licensing allows for periodic contact with property owners and helps ensure continued compliance.

Upon adoption of new Guest Lodging standards, the goal would be to undergo a public education campaign to let people know of the new requirements. Staff believes delaying enforcement until after March 1<sup>st</sup> would provide enough time for properties to come into compliance.

As directed by Council a short exemption period from the 1000-foot separation requirement would be applicable for those properties with a valid Rental Code Letter of Compliance issued prior to October 1, 2019, who apply for a Vacation Lodging Special Use Permit during the period of December 1-16, 2019. To receive the exemption, the property would have to be granted the SUP by the Zoning Board of Adjustment and the property owner would have to subsequently apply for the guest lodging license within 30 days of the SUP approval. The exemption terminates if the Guest Lodging license for the unit has been suspended, revoked, or has lapsed. Exemption from the Separation Requirement is not transferrable to any subsequent owner of the property.

**Therefore, it is the recommendation of the City Manager that the City Council adopt on first reading each of the attached ordinances as described in Alternative #1a and upon third reading and passage of the ordinances described in Alternative #1a, establish a fee for initial Guest Lodging licensure described in Alternative #1b.**