

Short-Term Rentals

Discussion Draft for Proposed Regulations

Regulations would apply within the City of Lincoln and its 3-mile extraterritorial zoning jurisdiction.

A **short-term rental (STR)** is the temporary rental of residential rooms or homes. The type of rental can vary from a whole house, apartment, or room(s) within a dwelling.

City of Lincoln regulations do not directly address STRs. Previously, they were considered a hotel use in commercial zoning districts and allowed as a home occupation in residential districts.



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In March 2019, the Nebraska Legislature passed Legislative Bill 57 (LB57), which limited the regulations that municipalities can impose on STRs while allowing typical zoning and building code issues to be addressed.

The City of Lincoln needs to update its Municipal Code to better address LB57 by establishing licensing and life safety standards for STRs. The following proposal was created for discussion and comment by the public. Public hearings on the changes are anticipated to take place during early 2020.

What would the zoning requirements be?

It is proposed to allow STRs in residential zoning districts and a number of commercial and industrial districts, most of which allow hotels. Thus, the use of a dwelling for an STR would be allowed in the R-1 through R-8, O-1, O-3, B-1, B-2, B-3, B-4, B-5, H-1, H-2, H-3, H-4, I-1, I-2 and I-3 districts under the following conditions:

- Licensing** The operator (host) must obtain a license from the Building & Safety Department.
- Residency** The short-term rental must be the operator's primary residence.
- Accessory Dwellings** An accessory dwelling unit could be used as a short-term rental if the above conditions are met.

How would Short-Term Rentals be defined?

“The rental of all or a portion of a residential dwelling for accommodations by the person or persons maintaining the dwelling as their primary residence for a length of stay per guest visit of no more than 30 consecutive days. Short-Term Rental does not include rental of a dwelling unit for meetings including but not limited to luncheons, banquets, parties, weddings, fund raisers, or other similar gatherings for direct or indirect compensation.”

The table below describes several possible use scenarios and whether they would be allowed under the proposed rules.

Allowance	Scenario	Conditions
Allowed	Rental of bedroom(s) within a house or apartment.	Allowed as long as the house or apartment is the operator’s primary residence, a license is obtained, and the lease (if applicable) allows the rental. The maximum rental period per guest stay is 30 days. No limit on frequency of rentals or total days rented per year.
Allowed	Rental of an entire house or apartment.	Allowed as long as the house or apartment is the operator’s primary residence, a license is obtained, and the lease (if applicable) allows the rental. The dwelling can be rented for a maximum of 30 days per guest stay. No limit on frequency of rentals or total days rented per year.
Allowed	Rental of an accessory dwelling such as a mother-in-law suite or detached accessory dwelling unit.	Allowed as long as the accessory dwelling is the operator’s primary residence, and the lease (if applicable) allows the rental. The accessory dwelling can be rented for a maximum of 30 days per guest stay. No limit on frequency of rentals or total days rented per year.
Prohibited	Rental of a house or other dwelling for use as a party space and not for lodging.	<u>Not</u> allowed. This use would be considered a commercial event space rather than accommodations.

How would Short-Term Rentals be licensed?

All STR operators would be required to obtain a license from the Building & Safety Department for each dwelling being rented. The license could be revoked in the event of multiple City violations cited against the operator, such as noise violations.

License Cost and Renewal

The license application fee is anticipated to range from approximately \$150 to \$300. The actual fee will be determined based upon the cost of staff resources. There would be an annual license renewal required to ensure the information stays current and re-affirm that life safety standards are met.

Life Safety Requirements

To obtain a license, the operator must affirm that the dwelling meets the basic life safety requirements listed below. Several of the requirements are taken from current building and maintenance codes.

- Smoke alarms are present and operational in all rooms intended for sleeping purposes, immediately outside of each sleeping area, and in each story within a dwelling, including basements and cellars, and in common areas outside of bedrooms and on each level of a building.
- Carbon monoxide detectors are present and operational on each level of buildings with fuel burning appliances and in attached garages.
- All areas used for sleeping purposes have two means of egress in working order unless an approved sprinkler systems is installed.
- The building's street address numbers are plainly visible from the street and maintained as such.
- All furnished appliances, finishes, windows, doors, handrails, guardrails, plumbing drains and fixtures, HVAC/mechanical systems, and electrical systems are maintained in good working order.
- The property will not be leased to more than two persons per bedroom / sleeping area.
- Prior to a Short-Term Rental occurring, the licensee will inform the renter(s) which areas are permitted to be used for bedrooms / sleeping areas.

Demonstrating Primary Residency

The STR operator must demonstrate that the dwelling they want to rent out is their primary residence. A person can only have one primary residence at a time. The primary residence would be defined as the place where the applicant resides for at least 6 months out of a 12 month period.

Applicants will be required to submit at least two (2) forms of proof of address from the following list as part of the licensing process:

- Motor vehicle registration
- Government-issued identification
- Voter registration
- Tax documents
- Utility bill



How would the Hotel Occupation Tax apply to Short-Term Rentals?

The Hotel Occupation Tax would be collected by the City on each STR listing at the rate of 4% of gross revenue. To clarify this requirement, Section 3.28 of the Lincoln Municipal Code would be revised to address STRs. It will be the operator's responsibility to track and pay this tax. An informational handout will be made available to assist operators with calculating and paying the tax.

In addition to the locally imposed Hotel Occupation Tax, the State of Nebraska collects sales and lodging tax on STRs through the hosting platforms such as Airbnb.

Questions or comments?

For more information or to submit a comment, visit the web site at <https://www.lincoln.ne.gov/city/plan/dev/shortterm/shortterm.htm>

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