

# SHORT-TERM RENTALS

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Open House #2

January 29, 2020

# What is a short-term rental? (STR)

- Temporary rental of residential rooms or homes. Includes rental of a whole house, apartment, or room(s) within a dwelling.
- Common platforms are Airbnb, VRBO and HomeAway.



**Residence** – A residential use lasting more than 30 days.

**Hotel** – A commercial use typically renting for 30 days or less.

**STR** – A residential use lasting 30 days or less. It falls somewhere between a Residence and a Hotel.

# How does the City allow STRs today?

- STRs are not directly addressed in the City Code.
- Allowed as a home occupation in Residential zoning districts:
  - Operator must reside on-premises during rental period;
  - Maximum 20% of floor area devoted to rental;
  - Maximum 2 square feet sign area.
- Considered a hotel in Commercial and Industrial zoning districts.

## Home occupation examples:

- Music teacher
- Web developer
- Accountant
- Graphic designer
- Financial consultant
- All require that the business owner reside in the home and there are no outside employees

# How does the City treat other uses?

- In residential zoning districts uses divided into permitted, conditional or special permit.
- Eight different residential districts R-1 to R-8. Most single family/ duplex neighborhoods zoned R-1 – R-4.
- R-5 – R-8 are mostly multi-family areas close to Downtown, East Campus, NWU or Union College.

# How does the City treat other uses?

- In R-1 – R-4 examples of how various uses are allowed -
  - By Right: Single family and two family
  - Conditional: Place of religious assembly, group home with 1/2 mile spacing requirement, private school, early childhood care if it is provider's "permanent residence" and 15 or fewer children
  - Special Permit: Residential health care facility, early childhood care center >15 kids, parking lot, clubs, academies, dwelling for members of religious order, historic preservation and cell tower

# Legislative Bill (LB) 57

- Approved March 2019 by the Nebraska Legislature.
- Prevents municipalities from banning STRs.
- Allows regulation of issues such as zoning, fire and building codes, and noise.
- City ceased enforcement when LB57 was enacted until a new ordinance is adopted.



# Legislative Bill (LB) 57

- (3) A municipality may adopt or enforce an ordinance or other regulation that specifically regulates property used as a short-term rental only if the municipality demonstrates that the primary purpose of the ordinance or other regulation is to protect the public's health and safety. An ordinance or other regulation authorized by this subsection includes:
  - (a) Requirements addressing:
    - (i) Fire and building codes;
    - (ii) Health and sanitation;
    - (iii) Traffic control; and
    - (iv) Solid or hazardous waste and pollution control; and
  - (b) Requirements regarding the designation of an emergency contact...

# Legislative Bill (LB) 57 - zoning

- (6) A municipality shall apply an ordinance or other regulation regulating land use to a short-term rental in the same manner as another similar property. An ordinance or other regulation described by this subsection includes:
  - (a) Residential use and other zoning matters;
  - (b) Noise and other nuisances; and
  - (c) Property maintenance.
- (7) This section shall not be construed to affect regulations of a private entity, including a homeowners association ...

# Why are changes being considered?

- Better address LB57 by amending zoning regulations, and establishing licensing and life safety standards.
- Provide clarity for neighbors and operators.
- First concerns raised in 2012 – addressed “game day rentals.”
- Monitoring situation for years – some complaints received by the City.
- Many cities across the United States have completed or are initiating similar processes to address this emerging industry.

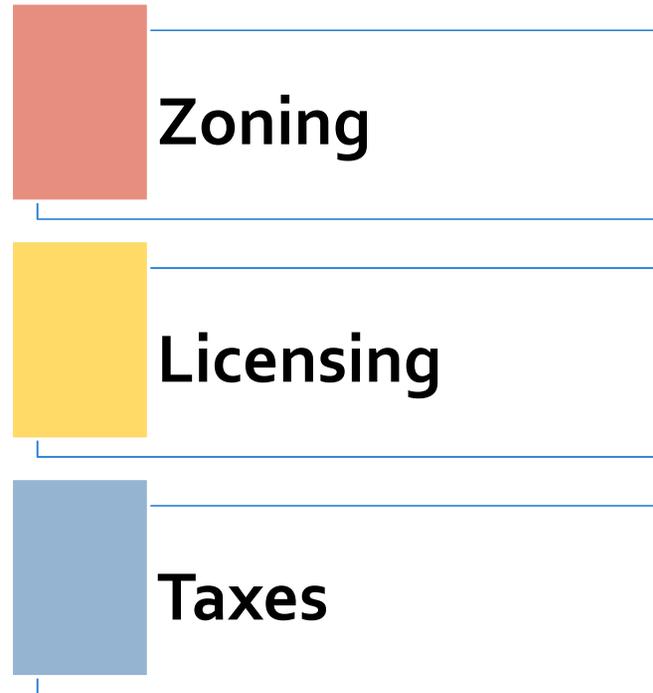
# How do other cities address STRs?

Madison	Denver	Fort Collins
Dwelling must be the host's primary residence.	Dwelling must be the host's primary residence. Allowed in owner-occupied units only.	Different STR classification based on whether it is the owner's primary residence. Host must be the owner or a long-term renter.
Max. 30 rental days per year if owner is not present during the time of rental.	No limit on rentals per year.	No limit on rentals per year.
License and fee	License and fee, proof of insurance	License and fee
Same life safety requirements as building code for residential uses.	No separate life safety requirements.	Standard life safety requirements (egress, detectors, etc.)

# What changes are being considered?

- A Discussion Draft describing one way to regulate STRs was created to start the community discussion.
- Comments will be considered and incorporated into a finalized proposal with hearings at Planning Commission and City Council.
- There are many views about STRs and how they should be handled.
- We want to hear from you!

# Discussion Draft



# Discussion Draft

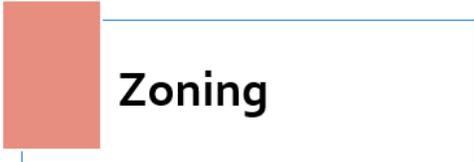


**Zoning**

## **Definition:**

“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.”

# Discussion Draft

A graphic element consisting of a solid orange square on the left and a white rectangular box with a thin blue border on the right. The word "Zoning" is written in a bold, dark blue font inside the white box.

## Zoning

Allow STRs in residential zoning districts and most commercial and industrial districts (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).

Conditions:

- 1) **The operator (host) must obtain a license.**
- 2) **The STR must be the operator's primary residence.**
- 3) **An accessory dwelling unit could be used if the above conditions are met.**

# Discussion Draft



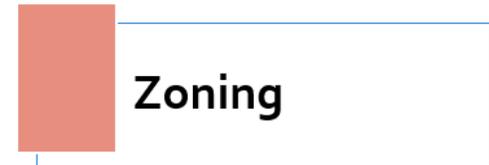
A reminder of our land use categories:

**Residence** – A **residential** use lasting more than 30 days.

**Hotel** – A commercial use typically renting for 30 days or less.

**STR** – A **residential** use lasting 30 days or less.

# Discussion Draft



Scenario	Allowed?
Rental of bedroom(s) within a dwelling.	Yes
Rental of an entire house or apartment.	Yes
Rental of an accessory dwelling unit.	Yes
Rental of a dwelling for use as a party space.	No – considered a commercial event space.

# Discussion Draft



## Why Primary Residency?

- Distinguishes an STR from a Hotel, which would not normally be allowed or desired in neighborhoods.
- Residential uses mean the occupants reside there for an extended period. This is generally viewed positively as allowing neighbors to know one another and address mutual concerns.

# Discussion Draft

**Licensing**

- All operators would be required to obtain a license from the Building & Safety Department for each dwelling being rented.
- License could be revoked in the event of multiple City violations.
- License application fee and annual renewal.

# Discussion Draft



## Licensing

- The operator must affirm that the dwelling meets the basic life safety requirements such as:
  - Smoke alarms
  - Carbon monoxide detectors
  - Egress for sleeping areas
  - Electrical, HVAC, appliances, doors and windows, etc. in working order
  - Visible street address numbers
  - Max. 2 persons per bedroom/sleeping area
  - Inform renters which areas are permitted to be used for bedrooms/sleeping areas

# Discussion Draft



Licensing

## Primary Residency

- The STR must be the operator's primary residence.
- One primary residence at a time; the place where the applicant resides for at least 6 months out of a 12 month period.
- Applicants must submit at least 2 forms of proof of address (government-issued ID, voter registration, utility bill, etc.)

# Discussion Draft



Licensing

## Primary Residency – Why 6 Months?

- Assists in defining “primary residence”.
- Accommodates people who live in other cities part of the year, while requiring a minimum presence by the resident.
- Some communities have a requirement greater than 6 months.

# Discussion Draft



## Taxes

Several types of taxes could apply:

- **Hotel Occupation Tax** - locally imposed tax collected by the City of Lincoln. An amendment to Title 3 of the LMC would revise the definition of "Hotel" to include STRs. If approved, Hotel Occupation Tax would be imposed on each STR listing at the rate of 4%, regardless of the number of bedrooms rented.
- In addition, the State of NE collects state and county lodging tax and local sales tax. Many larger hosting platforms already collect these taxes.

# Website

www.lincoln.ne.gov (keyword: short term rental)

- View the Discussion Draft
- Open House dates & times
- Submit comments via a questionnaire

The screenshot shows the City of Lincoln Planning Department website page for Short Term Rentals. The header includes the City of Lincoln logo and the Planning Department name. The main content area is titled "Development Review" and "SHORT TERM RENTALS". It provides a definition of a short-term rental (STR) and mentions that these are often listed on platforms like Airbnb and HomeAway. A "Discussion Draft" section explains that in March 2019, the Nebraska Legislature passed Legislative Bill 57 (LB57), which limited regulations on STRs. The City of Lincoln needs to update its Municipal Code to better address LB57 by establishing licensing and life safety standards for STRs. A "Discussion Draft" available on the page was created as a starting point for discussion and comment by the public regarding STRs in Lincoln. The feedback received from the public will help direct the finalized proposal presented to the Planning Commission and City Council. Public hearings on the changes are anticipated to take place during 2020. There is a link to "Open Houses".

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**UPLNK**  
Report non-emergency issues such as potholes, downed tree limbs, etc.

**EST. 1859**

# Next Steps

January – February sharing information and listening to the public

- Available to speak to neighborhood and other organizations
- February – March: City Proposal to be created and then released
- Planning Commission public hearing
- City Council public hearing