

SHORT TERM RENTALS RESEARCH, REVIEW AND RECOMMENDATIONS TO CITY COUNCIL

Red Lodge Planning Board & Zoning Commission
Al Bloomer, Chairman

Presentation to Country Club Estates Annual Meeting
June 25, 2023





The Short Term Rental Issues are complex with several moving parts. Research coupled with public written and verbal comments addressed STR impact on residential neighborhoods (property rights, historical operations, enforcement issues, housing availability, city finances, and general trust and respect of city policies and procedures).

HOAs have the right to prohibit or place restrictions on STRs; The city policy is directed to residential zones that are NOT Governed by HOA Policies. HOA policy may be more restrictive than city zoning policies.

The challenge is being attentive to our citizens while staying within the guidelines of our purpose to preserve neighborhood character while encouraging economic activity and diversity. Ensure public health, safety and welfare.

Resolution No. 3607 – August 2022

- ❖ **The city declared its intention by creating a “Short Term Rental Advisory Committee”. Seven (7) Members appointed by the Mayor. Council Member, Planning Board Member, Short Term Housing Member, and 4 at large city resident members.**
- ❖ **Action & Approach:**
 - **Research, discuss and draft STR proposals to City Standing Planning and Land Use Committees.**
 - **STR Advisory Committee prepared final recommendations within 90 days of initial meeting – September 29, 2022.**
 - **Advisory Committee/ Land Use Committee recommendations were presented to the City Planning Board & Zoning Commission for review and action. - December 8, 2022**
 - **Planning Board reviewed recommended zoning amendments for Section 4.4.20 Use Specific Standards. Short Term Rentals.**
 - **Prior to submitting to the City Council the Planning Board conducted a Public Hearing to review and explain procedure and proposed amendments to the City Zoning Policy.**
 - **Planning Board made its presentation to the City Council March 28, 2023.**
 - **City Council reviewed and discussed in June, 2023 – 2 public hearings & 2 readings of an Ordinance with amended zoning regulations for Section 4.4.20 Specific Use Standards.**

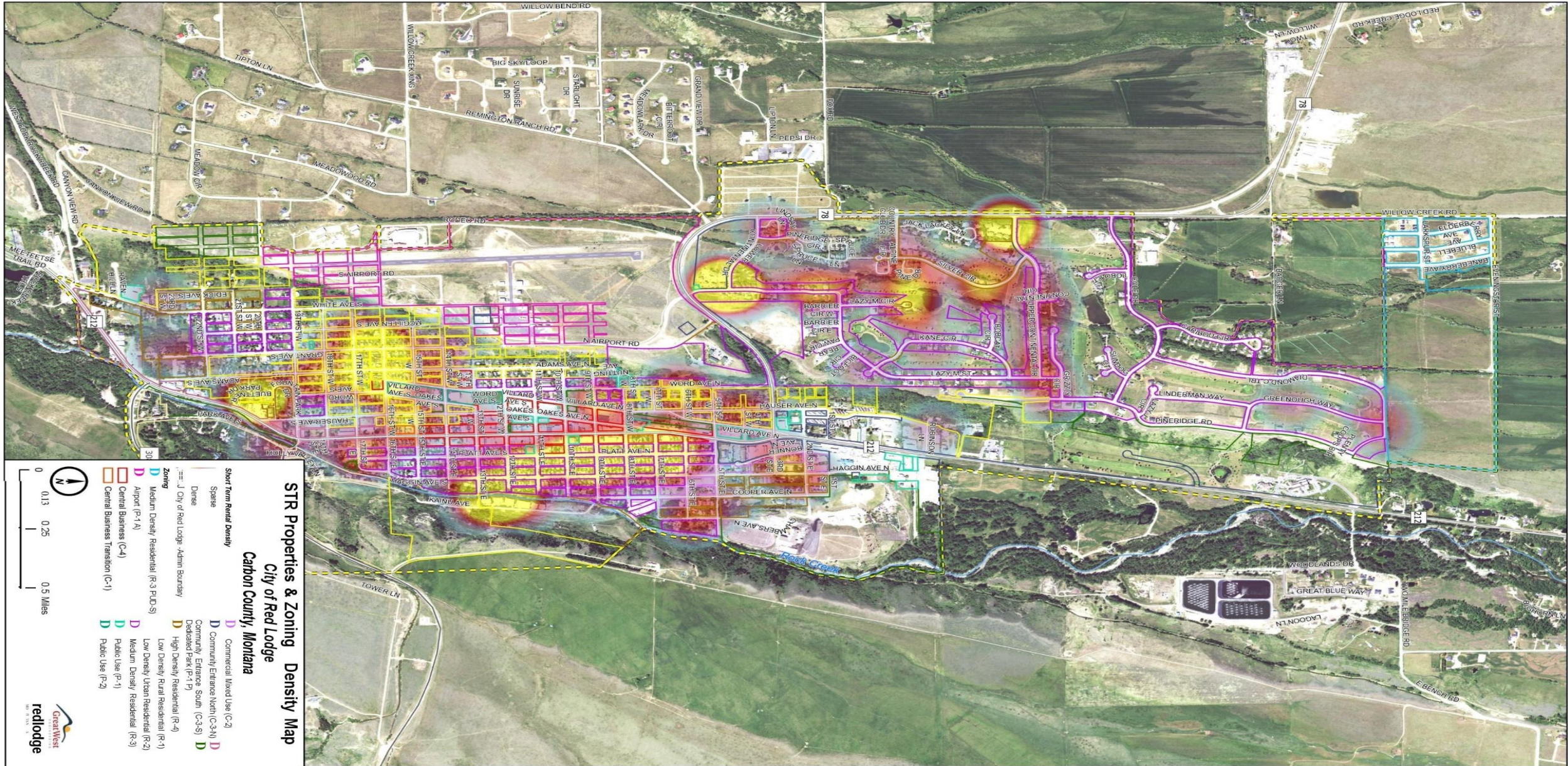
References and Research – Short Term Rentals

- ▶ **Red Lodge Zoning Regulations** (June 2022) cityofredlodge.net/com-dev/page/zoning-regulations-map
- ▶ **Short Term Advisory Committee Report** (December 2022)
- ▶ **Short Term Advisory Committee Community Survey** (November 2022)
- ▶ **City of Red Lodge Staff – Short Term Rental Summary** (January 2023)
- ▶ **Montana Governor's Housing Task Force Report** (October/2022)
- ▶ **University of Montana – Non Resident Travel Data** (2021)
- ▶ **Red Lodge Direct Paid Resort Tax Records** (2021)
- ▶ **Carbon County 2021 U.S. Census Report**
- ▶ **Review Short Term Rental Policies – Petosky, MI; Hilton Head, SC; Bozeman, MT; Whitefish, MT**
- ▶ **Written Input from 3 STR Management Groups – Kathleen Delahanty**
- ▶ **Public Comments – verbal and written**

General Information – Short Term Rentals

- ▶ **City Software – streamline compliance and provide transparency.**
 - ▶ Safe, legal and equitable STR Housing options
 - ▶ Registration & Management
 - ▶ Hotline for managing complaints
 - ▶ Create equity in remitting required Resort Tax
- ▶ **Projected 2023 STRs in City ~ increase from 156 to 180 STRs / 1718 Total Housing Units – 10%**
 - ▶ Research indicated percentage in similar cities ranged from a low of 10% to a high of over 30%
- ▶ **Economic Impact**
 - ▶ Non Resident Visitors spend over \$5 million annually
 - ▶ STR Visitors spent \$3.5 million – 2022 – 156 STRs – does not include lodging expense
 - ▶ Each STR generated ~ \$22,220 annually – does not include lodging expenses
 - ▶ Approximately 47% of 2022 Annual Resort Tax came from visitors.
- ▶ **STR Density Map - next slide**

Short Term Rental Density Map



COMMUNITY SURVEY - ADVISORY COMMITTEE

Sliding scale 0 = definitely & 100 = not at all - (966 Total Responses)

- ▶ **Total Group - 966**
 - ▶ Lean toward STR Not being a nuisance (70)
 - ▶ Lean toward STR Not being a safety threat (79)
 - ▶ Lean toward property owner having free choice (28)
 - ▶ Moderate to less than somewhat openness to zoning regulations (58)
- ▶ **Residents – particularly those without an STR**
 - ▶ STR being somewhat of a nuisance (58)
 - ▶ STR are Not a threat to neighborhood (71)
 - ▶ Lean toward Free Choice for property owner (38)
 - ▶ Open to zoning regulations (44)

STR Recommendations Sent to Planning Board for Review and Discussion – December 14, 2022

- ❖ **Referred directly to Council or Land Use Committee:**
 - **Require Employee Identification Number – Licensing Administration**
 - **Good Neighbor Policy – City wide issue**
 - **STR Cap % - review threshold cap proposal limiting total number of STRs - Council**
- ❖ **Reviewed and Discussed by Planning Board:**
 - **Review current zoning regulations – update Section 4.4.20 Use Specific Standards**
 - **STR Management / Owner Classifications - Council**
 - **Review and establish Allowed Use Tables (which zones would STRs be allowed) – In Progress.**
 - **Review definitions relative to Short Term Rentals - recommended**
 - **Review Grandfather clauses for current STRs**

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1. Setting a short term rental cap or threshold:

Advisory Committee proposed a formula that allowed up to a 50% increase in current city STRs. With the proposed formula - 180 could increase to 270 increasing the percentage of STRs in the city to 16%. The intent is to keep the number of STRs at 16% of the total number of dwelling units. The cap would be reviewed annually. **This is not a zoning issue – City Council Authority**

2. Advisory Committee Proposed 3 Classifications:

Carbon County Resident Owner =====	Protected
Professionally Managed – Carbon County Owner	↓
Non Resident Owner =====	

Planning Board Recommended:

- Owner Occupied
- Owner Managed
- Non-Owner Managed

STR Classifications Modified by City Council (passed 1st reading) :

- Owner Occupied – exempt from threshold
- Property Manager/Property Management Company – limited to 55% of Total STR Threshold
- All Others Not Included in above

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3. Review Allowed Use Tables – determine zones allowing single, two unit or multiple > 3 units. Which zones (if any) require CU Permit. **Currently there are 44 HOAs with specific STR policies. An HOA can be more restrictive than the city’s STR Policies.**
 - R-1 – Low Density – Rural
 - R-2 – Low Density – Urban
 - R-3 – Medium Density – Country Club Estates – (Allow Single Family, STR & Day Care)
 - R-4 – High Density
 - C-1 – Central Business Transition
 - C-2 - Commercial Mixed Use
 - C-3 – Commercial Entrances
 - C-4 – Central Business
4. Enforcement – Very important to survey responders and in public comment to Planning Board
 - Manpower Issue
 - Policies are meaningless unless there is accountability and enforcement
 - Minimize impact on surrounding properties – safety, public health and welfare
5. Impact on Economics – Mentioned in the STR Committee Report – Public comments regarding impact on Resort Tax and overall retail income of local businesses. We listened and passed this information on to Council. **Not a zoning issue – Council is aware of the economic impact.**

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6. Reviewed current Short Term Rental Policies – Recommended Amendments to Section 4.4.20, Use Specific Standards – 4.4.22 Specific Uses – L. Short Term Rentals – Notable Changes approved by City Council (Ordinance No. 948):

- **29 consecutive nights define a Short Term Rental**
- **30 minute verbal response – 60 minute on site response as required**
- **Meet regulations and codes of Red Lodge Fire Department**
- **Noise Reduction from 10 PM through 7 AM**
- **Parking – this is city wide issue. STR operators agree to respect neighbors and work toward equitable parking availability.**
- **Annual License Review/Renewal**
- **Grandfather Zoning of Current Operators**

Time For Questions/Comments



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THANK YOU

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