



23-LDC-0001

Short Term Rental Code Amendments

Louisville Metro Planning Commission
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Request / Case Summary

- In November 2022, Metro Council passed Resolution #143, 2022 directing PDS and the Commission to review the STR regulations and provide recommendations to improve
- From August 2016 to date, STRs have been regulated by way of the Louisville Metro Code of Ordinances (LMCO) and the Louisville Metro Land Development Code (LDC)
- STRs are regulated differently than other transient rental options, such as hotels, motels, and bed and breakfast inns
- Most cities with zoning authority have not adopted specific LDC regulations related to STRs
- St. Matthews and Middletown adopted local ordinances that differ from that in the Louisville Metro LDC



What Is A Short Term Rental or STR?



Dwelling

**Short
Term
Rental**

Hotel

In Louisville Metro, a STR is defined as a rental for a period of less than 30 days

Forms of STRs

In general, STRs take three forms:

1. **Hosted Home Sharing** - host who resides in the dwelling with guests
2. **Un-hosted Home Sharing** - occupant of the residence vacates the dwelling while it is rented to guests
3. **Dedicated** – no primary occupant of the dwelling, rented out regularly or exclusively to guests

Frequencies of STRs

Occasionally

Only for special occasions (i.e. the Kentucky Derby)

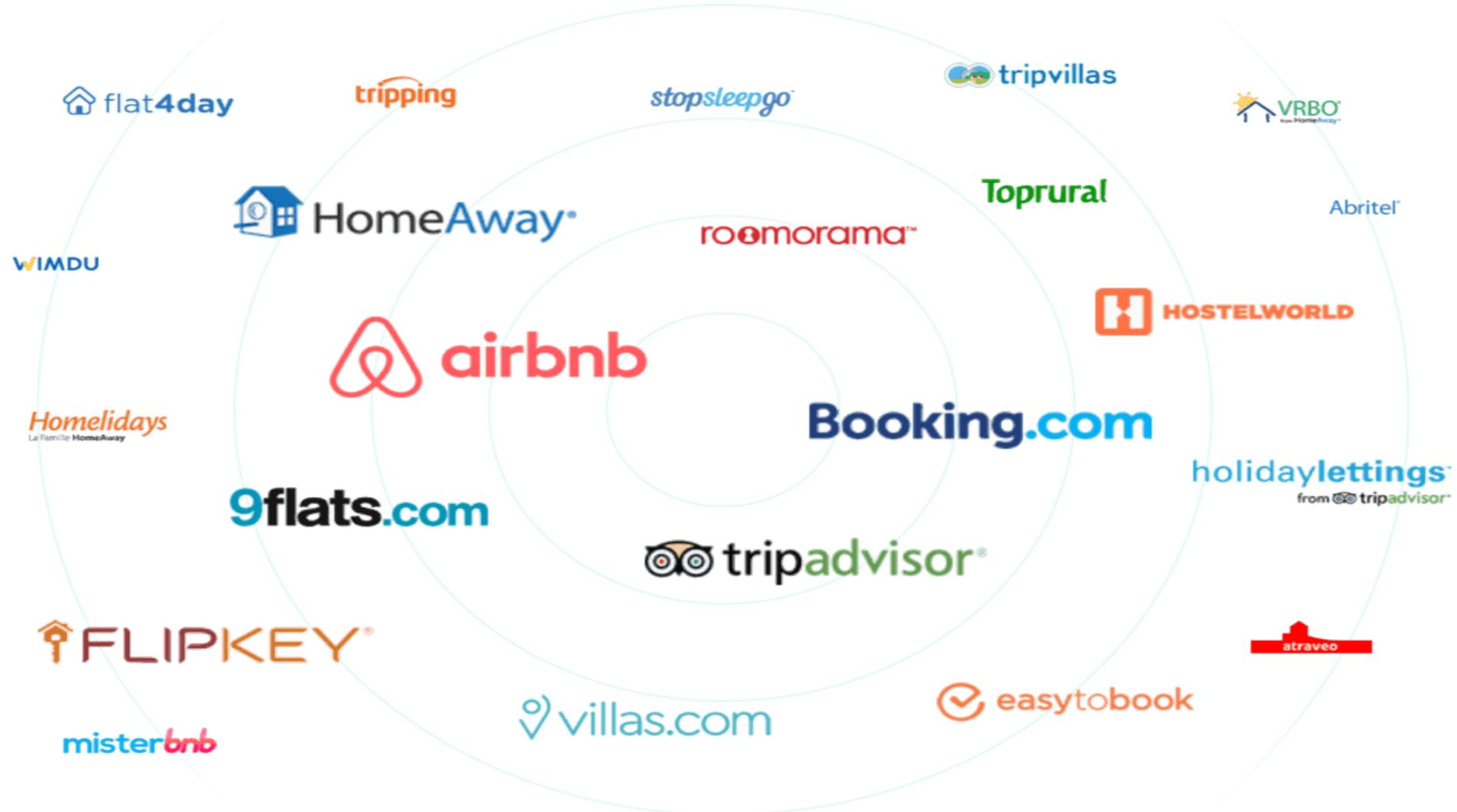
Regularly

Often but not continuously

Continuously

Continuously, in some cases available for rent each day all year

Various Platforms



STRs: LDC Overview

- Provides a definition of STR that distinguishes the use from other uses
- Identifies appropriate locations and levels of approval
- Provides zoning standards
- Provides penalties for non-compliance with the LDC provisions (the same as those that apply to all violations of the LDC)
- Does not supersede lease agreements, association bylaws, or any other agreements, laws, or regulations that prohibit use of a dwelling or property as a STR (however Metro cannot enforce such unless party thereto)

Existing LDC Permitted Locations

Special Standards – approved administratively

- In a residential zoning district in which the dwelling unit is the host's primary residence
- In a commercial or office residential zoning district
- In most special purpose zoning districts
- In a PDD that is permitted by the associated plan

Conditional Use Permit (CUP) – approved at a public hearing

- In a residential zoning district in which the dwelling unit is not the host's primary residence
- In the Old Louisville and Limerick TNZD
- In a multi-family condominium building in a residential zoning district

Not permitted in the M-1, M-2, M-3, PRO, PEC, and W-3 zoning districts, as well PDD where it is not permitted by the associated plan



Existing LDC Standards

- Limits hosts to renting under a single contract at a time (rooms within a dwelling unit cannot be rented to multiple parties at once)
- Caps occupancy by limiting the number of guests
- Limits to single and two-family buildings unless the property is non-residentially zoned or the unit is an owner-occupied condominium unit
- Prohibits hosts from providing food and alcoholic beverages to guests
- Prohibits outdoor signage
- Requires parking based on the land uses of immediate vicinity
- Provides residency hearing and revocation processes

STRs: LMCO Overview

- Requires annual registration of all STRs, regardless of type or frequency
- Limits hosts to renting under a single contract at a time (rooms within a dwelling unit cannot be rented to multiple parties at once)
- Caps occupancy by limiting the number of guests
- Prohibits hosts from providing meals to guests
- Requires smoke/carbon monoxide detectors and other life safety measures
- Requires an emergency contact
- Reinforces the requirements related to the remittal of taxes
- Provides requirements for online platforms
- Provides specific penalties for non-compliance with the LMCO provisions

STRs: Existing Approval Steps

step 1

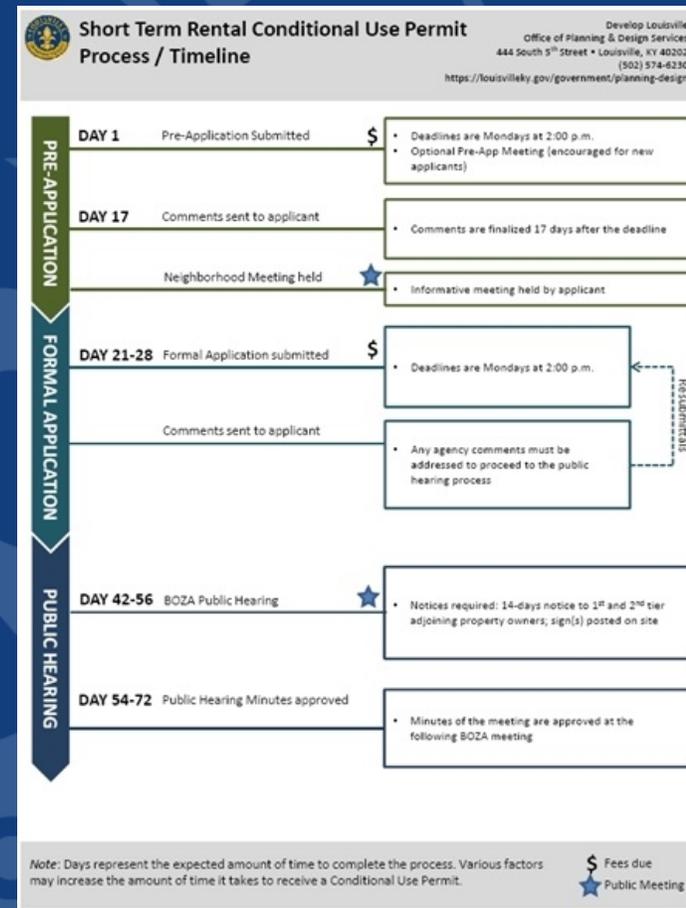
Conditional Use Permit (if required)

step 2

Register w/ Revenue Commission

step 3

Register w/ Metro (annually)



STR Applications and Approvals

As July 12, 2023

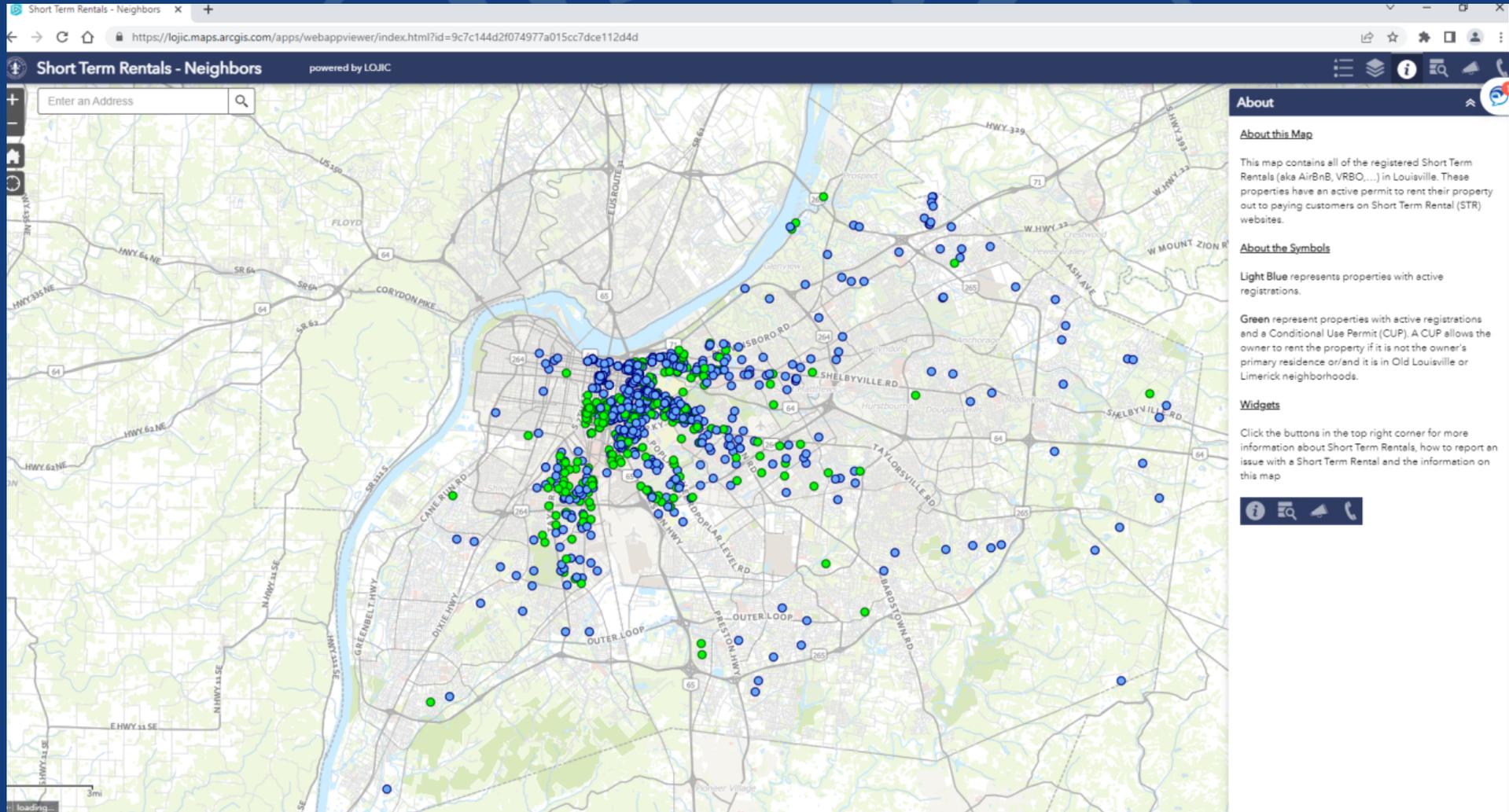
- 1,285 active registrations
- 5,014 STR registration applications (note: 5,014 applications does not represent 5,014 different properties as many properties were subject to multiple annual renewal applications)
- Approximately 878 STR CUP applications
- 486 STR CUPs have been acted upon by the BOZA (413 approved and 73 denied)

STR Website

The screenshot shows a web browser window with the URL <https://louisvilleky.gov/government/planning-design/short-term-rental-information>. The page has a navigation menu with links for RESIDENT, BUSINESS, GOVERNMENT, CITY SERVICES, DEPARTMENTS, and VISITOR. Below the menu is a breadcrumb trail: Home / Government / Planning & Design / Short Term Rental Information, and a Feedback link. The main heading is "Short Term Rental Information". A paragraph states: "Metro Council has directed Planning & Design Services (PDS) and the Planning Commission to carry out a review of the local ordinances concerning short term rentals (STRs) and recommend improvements. The recommended improvements address community feedback received since the 2019 update and issues encountered by staff in administering the regulations." Below this is a blue button labeled "2023 Short Term Rental Regulation Update". The next section is "What is a Short Term Rental or STR?" with a definition: "In Louisville Metro, a STR is defined as a dwelling, such as a residence or apartment, that is rented or leased to a tenant or guest for less than 30 consecutive days." This is followed by "How Can I See if a STR is Registered?" with the text: "There is an interactive map on LOJIC that allows you to determine if a STR is properly registered and obtain host information." Below this is a blue button labeled "Interactive Map for STR Registrations". The next section is "About the Ordinances" with the text: "In 2015, Louisville Metro Council passed an initial ordinance to regulate the use of STRs (affecting listings offered on Airbnb, VRBO, and other platforms). City leaders have been monitoring the effectiveness of the ordinance and the evolution of the shared rental economy, resulting in several amendments to the regulations since 2015. The rules pertaining to host responsibilities and annual registration can be found in Louisville Metro Code of Ordinances and the regulations pertaining to zoning can be found in the Land Development Code." Below this is a blue button labeled "Most Recent Ordinances Amending the Requirements". The final section is "A few things to know:" followed by a bulleted list: "• STR hosts must annually register each of their STRs with the Office of Planning & Design Services (PDS).", "• STR hosts must also register with the Louisville Metro Revenue Commission and are responsible to pay the Bed Tax and Occupational Tax.", "• STR regulations do not supersede lease agreements, homeowner's association bylaws, covenants, deed restrictions, or any other agreement, law or regulation that prohibits subletting or use of a dwelling as a STR.", "• Failure to register a STR will result in enforcement action, including fines.", "• Advertising a short term rental that is not registered is prohibited (including listing on Airbnb, VRBO, or another platform) and will result in enforcement action, including fines.", "• A Conditional Use Permit (CUP) may be required, dependent on the zoning of the property and the residency of the STR Host. CUP applications are approved or denied by a public"



STR Online Map



Proposed Amendments

- Amend the occupancy requirement from “host” to “owner” for STRs on residentially zoned properties that do not have CUPs. This will prohibit an owner from assigning another party to be a host to avoid the CUP process
- Strengthen the existing 600’ separation requirement by not allowing a waiver if the buffer area is residentially zoned and two or more STRs with CUPs are already within 600’
- Require an applicant seeking a waiver to the 600’ separation requirement to explain how the additional STR will not result in an overconcentration of STRs or negatively impact affordable housing in the area
- Provide an exemption to the 600’ separation requirement if the owner lives on the property, but not in the dwelling unit (a CUP would still be required)
- Restrict a STR to 12 adults if the maximum occupancy allows for 13+ total occupants, which is based on the number of bedrooms (During a CUP review, the occupancy can be further restricted by condition of approval; relief may also be granted)
- Allow in multi-family buildings in OR-3 and OTF (both districts already allow hotels)

Proposed Amendments (Continued)

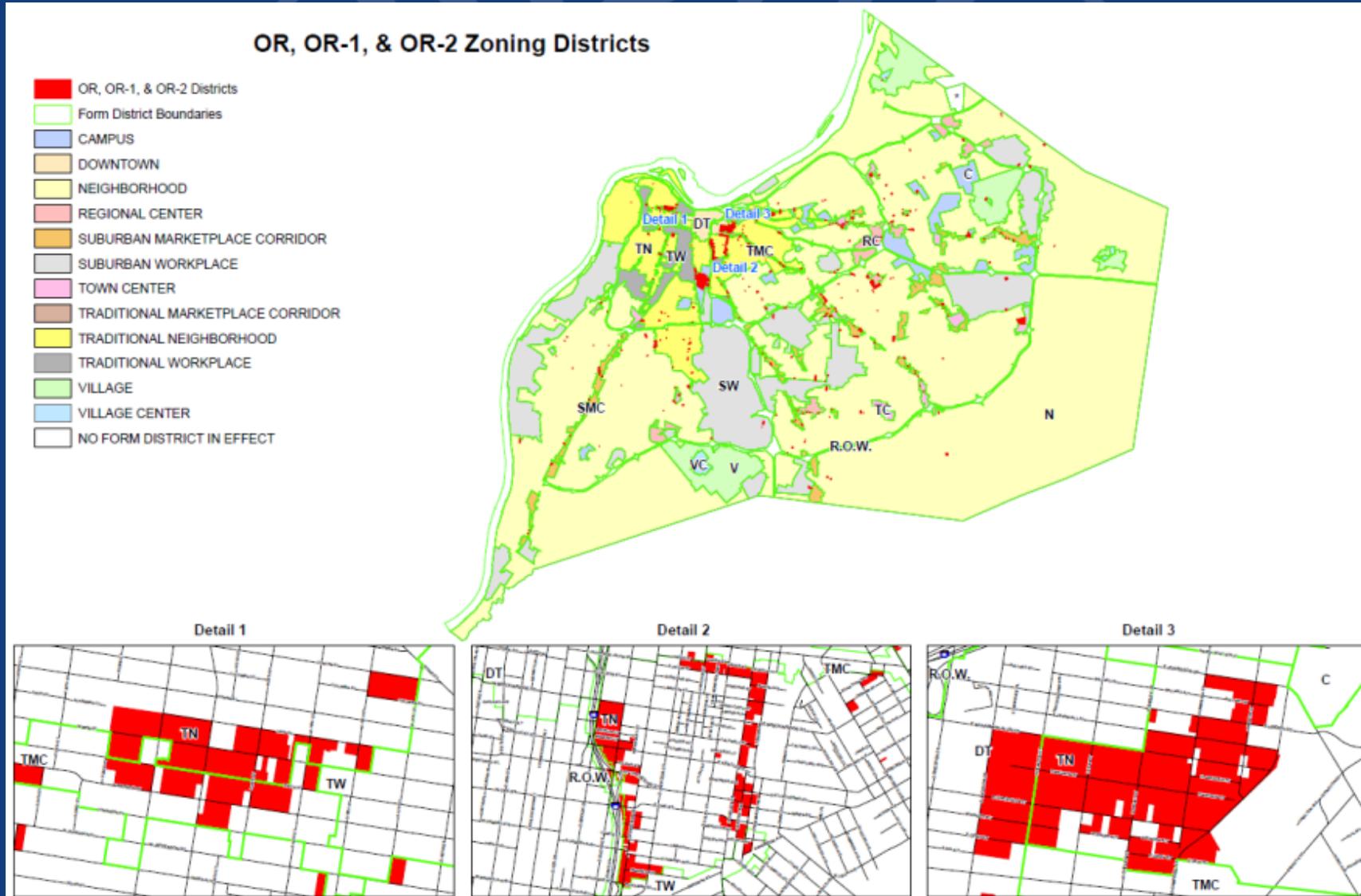
- Clarify that the host of record is the primary party responsible and cannot pass all responsibilities to another party
- Requires an owner to live at a residence for at least 6 months before submitting an owner-occupied STR registration application
- Require an owner-occupied STR registration application to include a Kentucky-issued ID or a residency hearing is required
- Improve the residency hearing process (process by which the Board of Zoning Adjustment can affirm or reject someone's primary residency when questioned)
- Prohibit a new STR registration on a property if a citation has been issued in the past 12 months for unlawful STR activity
- Provide technical revisions that better clarify requirements, resolve interpretations, and help staff administer the process more efficiently
- Increase the annual STR registration fee to \$250 (currently \$100)
- Introduce an automatic revocation hearing for CUPs after substantiated complaints
- Add the ability to provide relief to the proposed 12-person cap on adults on a case by case basis
- Add OR, OR-1, and OR-2 to the zoning districts that require CUPs for non-owner occupied STRs (within traditional neighborhood form districts)

Proposed Amendments (Continued)

<i>Zoning</i>	<i>Registrations</i>
RR	0
RE	0
R1	1
R2	1
R3	2
R4	94
R5	283
UN	17
R5A	39
R5B	42
R6	124
R7	18
R8A	0
TNZD	49
OR	1
OR1	9
OR2	101
OR3	13
OTF	0
CN	3
CR	8
C1	84
C2	174
C3	154
CM	4
EZ1	24
M1	N/A
M2	N/A
M3	N/A
PD	33
PVD	7
<i>Total</i>	<i>1295</i>



Proposed Amendments (Continued)



Resolutions Considerations

Resolution #143, 2022 requested a review of the following topics related to the STR regulations and procedures:

1. Allowing situations where an owner in a primary structure or unit on a given lot may use their other unit (including the other unit in a duplex)/carriage house/ADU as a STR without triggering the “600 foot rule”

- The draft amendments exempt CUP applications from the 600’ separation requirement if the owner lives on the property

2. Possible incentives for new STR units to be registered and/or penalties for those that do not register, including those who only attempt to come into compliance once cited

- While the draft amendments do not modify the fines for STR violations, they include a new penalty for those that operate unlawfully - a 12 month ban on acceptance of a STR registration after an owner has been cited
- In addition to the draft amendments, administrative policies and procedures can be implemented to address this topic to incentive compliance and improve the enforcement process

Resolutions Considerations (Continued)

Resolution #143, 2022 requested a review of the following topics related to the STR regulations and procedures:

3. The introduction of automatic revocation hearings triggered by a certain number/types of violations

- The draft amendments continue to allow the revocation of a CUP after two substantiated complaints or failure to meet a condition of approval
- The revocation process of a CUP is prescribed in KRS and any further changes must be consistent with state law
- The draft amendments add a requirement to schedule a revocation hearing for a CUP after an associated registration has been revoked
- After two substantiated complaints, the planning director may revoke a registration administratively. A revocation hearing is currently not required. A hearing only takes place if the revocation decision is appealed. Staff suggests strengthening this section by changing “may revoke” to “shall revoke”

4. The efficiency and effectiveness of current policies

- Several draft amendments are intended to make the ordinance and process more effective. Policies, such as those related to enforcement, can also be implemented to address this topic

5. The Planning Commission shall not consider making the CUP requirement in the TNZD less restrictive than is currently in the ordinance

- The draft amendments do not make the TNZD regulations less restrictive

Staff Findings

The proposed amendments are consistent with and further the policies of Plan 2040



REQUIRED ACTIONS

Based upon the information in the staff report and the testimony and evidence provided at the public hearing, the Planning Commission **must RECOMMEND** to Metro Council and the legislative bodies of cities with zoning authority that the **LDC amendments**, as described in the staff report, be APPROVED, APPROVED WITH MODIFICATIONS, or DENIED

Based upon the information in the staff report and the testimony and evidence provided at the public hearing, the Planning Commission **may RECOMMEND** to Metro Council that the **LMCO amendments**, as described in the staff report, be APPROVED, APPROVED WITH MODIFICATIONS, or DENIED

