



COMMUNITY DEVELOPMENT • 1140 Terex Road • Hudson, Ohio 44236 • (330) 342-1790

Date: January 7, 2021
To: Mayor Shubert and City Council
From: Greg Hannan, Community Development Director
CC: Jane Howington, City Manager; Thomas J. Sheridan, Asst City Manager;
Matthew Vazzana, City Solicitor
Re: Short-Term Rental Update

Staff has prepared the following information in response to Council feedback from the December 15, 2020 discussion.

Assumptions:

1. City Council has confirmed a desire to establish a program that would permit and regulate short-term rentals (“STRs”) within the City of Hudson.
2. The STR regulations should allow for some type of notification to surrounding property owners prior to issuance of a STR permit or license.
3. The STR regulations need to operate in concert with Bed and Breakfast regulations and not create any unintended regulatory conflicts.

Bed and Breakfast:

The current Hudson regulations will likely need to be revised to make sure that there is no confusion between STRs and Bed and Breakfast operations. Depending on which regulatory approach Council moves forward with (licensing/zoning/blend), Staff will also revise any existing Hudson regulations so as to eliminate any resulting definitional issues between STRs and Bed and Breakfasts.

Based on research of other Ohio communities, depending on the STR regulatory approach chosen by Council, Staff will consider the following options to make sure that regulation of both STRs and Bed and Breakfasts is clear within the Hudson Code:

1. Keep Bed and Breakfast use fully independent of STRs: This option would follow the model of several other communities and would recognize the minor differences in service provided between the two uses. However, this approach can cause some confusion if the review and oversight procedures are different the two uses. Examples include Grandview Heights and Twinsburg.

2. Maintain both use types but regulate the same: Several communities have kept both STR and Bed and Breakfast use types within the zoning code but have them follow the same approval and oversight procedures. Examples include Sandusky and Yellow Springs.
3. Merge STR and Bed and Breakfast: Under this approach the LDC would be amended so that both Bed and Breakfast and STR use are referenced under the same use category and definition. This approach attempts to eliminate definitional issues and focuses on property usage. Examples include the City of Oxford.

Penalty Comment:

Should Council choose to adopt licensing regulations (or a blended approach that retains the licensing piece) the next draft of regulations will include a revision to increase the penalty for those individuals who are found to be operating a STR without a license.

Attachments: Please the following information:

1. Comparison of Possible STR Regulatory Approaches: The summary chart describes the features, pros, and cons of three methods for regulating Short-Term Rentals: (1) Business Regulations, (2) Zoning – Land Development Code, and (3) Blended approach
2. Ohio Small Towns with Short Term Rental Regulations: the summary chart details communities within Ohio that currently are managing a short-term rental regulation.

Comparison of Possible STR Regulatory Approaches:

	Licensing – Business Regulation	Zoning	Blend – Zoning and Licensing
<u>Features</u>	<ul style="list-style-type: none"> • Public notice • Application processed administratively • Regulations tailored to STR business operations • Enforcement tools tailored to STRs • License is non-transferable and does not run with the land 	<ul style="list-style-type: none"> • Public hearing • Application process involving City’s land use boards • Regulations tailored to land use not STR business operations • Enforcement based on general LDC penalties • Permit is transferable as it runs with the land 	<ul style="list-style-type: none"> • STRs below a certain use threshold (e.g. 30 days per year) treated as an accessory use to the principal residential use and subject <u>only to</u> STR licensing regulations (Public notice) • STRs above a certain use threshold (e.g. 30 days per year) treated as a principal use and subject to <u>both</u>: (1) STR licensing regulations and (2) zoning conditional use (Public hearing)
<u>Pros</u>	<ul style="list-style-type: none"> • Enforcement is streamlined and separate from LDC • Regulations narrowly tailored to STR operations • Applicants would not have ability to request variances • Council can adjust regulations quicker • License is non-transferable 	<ul style="list-style-type: none"> • Utilizes the existing LDC process/protocols 	<ul style="list-style-type: none"> • Ability to capture the public hearing process of the LDC for certain more intensive STR operations while retaining the flexibility and quick corrective abilities of licensing for all STRs • By creating two categories of STR use (based on annual usage), the regulations address both commercial, long term, more intensive STR use while also regulating occasional STR use by property owners • City staff would have both license and zoning enforcement tools at their disposal to address properties that do not comply with zoning or licensing regulations
<u>Cons</u>	<ul style="list-style-type: none"> • Licensing process not typically intended for public hearing process 	<ul style="list-style-type: none"> • Zoning permits create a property right that runs with the land • Difficult to revoke zoning permit once issued – lengthy process involving legal property rights • Enforcement through zoning in general and not tailored to STRs in the same way a license is structured 	<ul style="list-style-type: none"> • Because it involves both zoning and licensing, the regulatory system is more complicated than traditional zoning or business regulation matters. • Two-tiered system will require expanded public education

Ohio Small Towns with Short Term Rental Regulations

City	Short Term Rental Regulation	Bed and Breakfast	Public Hearing required	Fee	Link
Twinsburg	Business regulations No reference to STR in Zoning Code	Separate: BnB is not referenced in zoning code although guest house and rooming house are listed. City staff indicated they do not have operating BnB in Twinsburg	No	\$75	Twinsburg Regulations
Sandusky	Building and Housing Code contains operational standards Zoning Code permits by right in commercial areas, conditional use in residential overlay areas.	Separate but equal: Zoning Code references to tourist house, rooming house, and transient occupancy in zoning. Transient occupancy was added as a use category and now both BnB and STR follow same process	Yes in residential districts, Not required in commercial	\$500	Sandusky Regulations
Yellow Springs	Listed in Zoning - Conditional use (1262)	Separate but equal: BnB are separately listed in zoning; however, both are conditional uses and applied for on same application	Yes	\$25	Yellow Springs Regulations
Oxford	Business Regulations	Merged: Short term rental operations exceeding 90 days per year are regulated under Bed and Breakfast regulations.	No if less than 90 days, Yes is greater than 90 days	\$140 initial \$85 renewal	Oxford Regulations
Grandview Heights	Zoning Regulations – Conditional use Described under Home Occupations	Separate: BnB separately regulated as a conditional use. Kept separate due to the services that can be offered by a BnB which would not be typical of a short term rental	Yes	\$50	Grandview Hts Regulations