STAFF REPORT

City Council: December 14, 2021 (Cont'd. from January 12, 2021)

Subject: Zoning Text Amendment - Homestays

Staff Resource(s): Todd Okolichany, AICP, LEED AP ND, Planning & Urban Design Director; Shannon Tuch, RLA, Principal Planner

Action Requested: Adopt a zoning text amendment updating definitions and standards for Homestays.

Background:

- The City of Asheville has had standards allowing residential homes to be used for transient lodging for over 15 years, originally known as "Bed & Breakfast Homestays".
- The original set of standards were very limiting.
- In 2015 the homestay standards were updated to allow greater flexibility and opportunity for more households.
- Enforcement challenges followed and revisions to these standards were completed in 2016 and 2018 in an effort to provide more clarity and improve the city's ability to regulate and enforce the homestay standards.
- The city currently has 725 active homestay permits and 50 active enforcement cases (as of December 2021).
- At two separate meetings in the summer of 2018, the Planning and Economic Development Committee (PED) heard from members of the Homestay Network (a community based organization of homestay permit holders) and city staff regarding the regulation and enforcement of homestays.
- The city's new definition of "kitchen", adopted January 2018, was at the center of the discussions.
- On June 10, 2019 the PED Committee provided policy direction to staff to move forward with a change to the definition of "kitchen" along with other minor amendments.
- The adoption of this change was delayed however and, in the months that followed, City staff continued to work with community representatives and council members on standards designed to address both community and staff concerns.
- The subject of homestays was revisited by the PED Committee in March and April of 2020 to explore three proposed changes that including:
    1. Prohibiting the use of detached accessory structures for homestays;
    2. Allowing homestays to have a kitchen; and,
    3. Requiring non-resident property owners to be listed as co-hosts on a homestay application.
- The PED Committee provided clear direction in support of changes #1 and #3 but were not in agreement with respect to #2 for the changes related to kitchens in homestays.
- The attached draft ordinance is written **to allow** kitchens in homestays, which provides the greatest flexibility to move between short-term lodging and long-term living with the least amount of disruption.
- This is also the option recommended by the Planning & Zoning Commission.

Comprehensive Plan Consistency:

- This proposal best aligns with the *Living Asheville Comprehensive Plan* theme of a Resilient Economy by addressing the city's, "housing affordability challenges from a number of different

angles, which include . . .creating more economic opportunities for wage growth and upward mobility" (p. 175).
- Also, under strategies to increase and diversify the housing supply, the Plan describes the need to, "Develop a comprehensive study of all lodging types and their impact on the community in order to evaluate policy options related to these different uses.
- In the interim, continue enforcement of illegal short-term vacation rentals" (p. 179).

Council Goal(s):
- A Well Planned and Livable Community

Committee(s) and Commission(s):
- Planning and Economic Development Committee - June 2018, August 2018, June 2019, November 2020, March 2021 and April 2021.
- Planning & Zoning Commission - December 2 (public hearing) and December 17 (vote), 2020. Approved unanimously, 6:0.

Fiscal Impact:
- No additional resources are being requested so no additional fiscal impact is anticipated.
- Homestay and Short-term Vacation Rental enforcement remains the single largest focus area within zoning enforcement and includes contracting with a third party software vendor to adequately monitor rental activity; this practice continues to be recommended.

Staff Recommendation:
- Staff recommends approval of the zoning text amendment for the reasons stated above.

Suggested Motion:
- Move to approve the zoning text amendment with changes to Chapter 7, Articles 2 and 16, updating standards for the regulation of homestays, and find that the request is reasonable, is in the public interest, is consistent with the city's comprehensive plan and meets the needs of the community in that the request: 1) balances economic opportunity for income growth and upward mobility with preserving quality of life in residential neighborhoods; 2) supports affordable housing arrangements; and, 3) supports the tourism economy.

Attachment(s):
- Draft ordinance
- Zoning Text Markups
- PZC Minutes (Excerpt)
- PZC Recommendation