



Agenda Item No.: 5.

DEPARTMENT: CITY ATTORNEY
DIRECTOR: BRADFORD R. JERBIC

☐ Consent ☒ Discussion

SUBJECT:

Bill No. 2017-16 - For possible action. Amends the City's licensing and zoning regulations to delete categories for bed and breakfast inn and boarding or rooming house, and to revise regulations and requirements pertaining to short-term residential rentals. Sponsored by: Councilwoman Lois Tarkanian. [NOTE: This bill is being co-sponsored by Councilwoman Lois Tarkanian and Councilman Bob Peers]

Fiscal Impact:

☐ No Impact ☐ Augmentation Required
☐ Budget Funds Available

Amount:

Funding Source:

Dept./Division:

PURPOSE/BACKGROUND:

This bill will amend the City's licensing and zoning regulations to delete categories for "bed and breakfast inn" and "boarding or rooming house," and to revise regulations and requirements pertaining to short-term residential rentals. The bill revisits a number of issues considered by the Council last summer in Bill No. 2016-52, a bill the Council declined to adopt. Among other things, this bill will require additional types of short-term residential rentals to obtain a special use permit in order to be established or to continue in operation.

RECOMMENDATION:

This bill should be submitted to a Recommending Committee for review, hearing and recommendation to the City Council for final action.

BACKUP DOCUMENTATION:

1. Bill No. 2017-16
2. Protest Email from Stephen P. Grogan on behalf of the Scotch Eighty Owners Association
3. Submitted at Meeting Speaker Cards and Comments From Those Who Spoke in Support and Opposition, Speaker Cards and Comments From Citizen Participation and Speaker Cards and Comments From Individuals Who Did Not Speak
4. Submitted after Meeting Spreadsheet of Protest/Support Online Comments

Motion made by BOB COFFIN to Approve as Do Pass

Passed For: 2; Against: 1; Abstain: 0; Did Not Vote: 0; Excused: 0

BOB COFFIN, LOIS TARKANIAN; (Against-STAVROS S. ANTHONY); (Abstain-None); (Did Not Vote-None); (Excused-None)

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Minutes:

This item was heard subsequent to Item 6.

COUNCILWOMAN TARKANIAN declared the Public Hearing open.

LUANN D. HOLMES, City Clerk, requested that those present complete an orange speaker card to ensure their names were referenced correctly in the record. Due to the unexpected large crowd in attendance, she asked that once someone spoke to please step into the hallway so someone else could rotate into the meeting room. She also announced that staff was trying to secure a larger room.

MARY McELHONE, Business Licensing Manager, stated the bill proposes amendments to the short-term rental regulation for both land use approval and licensing. She read a summary of what the proposed bill would do, named the three specific types of short-term rentals the bill would create, outlined the Special Use Permit (SUP) requirements with regard to distance separation, whether the residence was owner occupied, the number of bedrooms and on-site staffing. She described the additional restrictions the bill would include relating to renting of accessory structures, advertising, posting platforms and security. Additionally, she detailed the proof of liability insurance coverage that would now be required along with a signed affidavit attesting to the fact that there were no delinquent room tax, liabilities or liens relating to the property to be used. Platard, parking and guest log requirements were also explained and the response time to a complaint was provided.

MS. McELHONE stated that there would be no grandfathered locations; owners would have one year to comply with any SUP requirements. She noted that the proposed short-term rental ordinance would also allow mixed-unit development. She provided the reason the term rooming house was being removed and advised that bed and breakfast was being relocated from the hotel/motel portion of Title 6 to the short-term rental section.

Prior to hearing public comment, COUNCILWOMAN TARKANIAN asked that everyone be polite and listen to those speaking without clapping or booing. She will ask the Marshals to remove anyone that is unruly or causes a problem while someone else is speaking. She stated proponents of the bill would be heard first.

MS. McELHONE provided clarification for DOUG WILLIAMS, resident, with regard to the SUP requirements.

HERMAN FOX, resident of Scotch 80s, relayed his experience with investors who are purchasing homes in his neighborhood and converting them into party houses, short-term rentals and event housing. He stated Scotch 80s is a very nice neighborhood, and it is not a proper use to commercialize the neighborhood. These types of homes are bringing increased traffic and people into the neighborhood.

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Following MR. FOXS comments, COUNCILWOMAN TARKANIAN informed those present that the meeting was being moved to Council Chambers to better accommodate the large crowd.

The meeting was recessed at 10:28 a.m. and reconvened at 10:54 a.m.

The following individuals spoke in support of the proposed bill: STEPHEN GROGAN, President of the Scotch 80s Owners Association; MELISSA PETERSEN, resident; DONALD MOSLEY, resident of McNeil Estates; JOHN SALING, resident of Scotch 80s; MARK SCOTT, resident of Glen Heather Estates; AMY SALING, resident of Scotch 80s; KATHLEEN KAHR, resident; STEVEN TOMLINSON, resident of Crescent neighborhood and speaking on behalf of neighbors and friends that could not attend the meeting; STEPHAN EGERBLUM, former City of Las Vegas employee; WENDY KVECK, resident of the Historic Beverly Green Neighborhood; SHELLY WALTERS, President of Glen Heather Estates Neighborhood Association; and JEANNE ASMUSSEN, resident.

These individuals made comments including short-term rentals are becoming an epidemic and are destroying home values; they operate illegally; it has become a battle between the residents and entrepreneurs who want to commercialize residential neighborhoods; the only way to fight these types of businesses and bring them into compliance is through an ordinance; these are neighborhoods, not commercial enterprise zones; short-term rentals should be restricted or eliminated entirely; there are four to five dumpsters in a week with party buses dropping off 25 people at a three-bedroom house, used for parties, parties and empty alcohol containers are found in their yards and in the street; guests often see this while visiting. Some thought the ordinance was a good idea to further clarify and enforce the regulations, but these types of businesses should be on The Strip. Concerns also included increasing traffic, density and parking.

Noting that noise complaints are low on Metros (Las Vegas Metropolitan Police Department) priorities, MR. SCOTT proposed a 30-minute window to respond to complaints while the property is rented; the two-hour window being proposed seems reasonable when the property is not rented. The residents surrounding these homes are not on vacation like the short-term rental occupants, and they need to sleep and get up and go to work in the morning. He also pointed out that short-term rentals, as defined by the City of Las Vegas, were in violation of the Covenants, Conditions & Restrictions (CC&Rs) for Glen Heather Estates. As such, he asked that Glen Heather Estates be added to the list of excluded areas (i.e., Town Center, Summerlin and the Medical District) which he believes may reduce the City's enforcement costs, future complaints and possible litigation between property owners and Glen Heather Estates.

MS. KAHR, resident, apologized for her earlier outburst; she was frustrated with the fact that some of the older homeowners could not get into the smaller meeting room. She supports the ordinance and likes the idea of people from all over the world coming to Las Vegas and the historic downtown neighborhoods to see the way people live. She wanted to know how enforcement was being paid for and assurance that the short-term rental owners were going to be taxed properly.

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Referencing concerns relating to enforcement and density, MR. TOMLINSON suggested the distance be increased to 1,200 feet and the permit fees be increased to help pay for code enforcement.

Since she lives in a historic neighborhood that has its own neighborhood association, MS. PETERSEN wondered if the Committee would consider allowing the neighborhood association to grant approval similar to that of a Homeowner Association. COUNCILWOMAN TARKANIAN indicated that would have to be discussed.

Discussion took place between MS. SEGERBLOM, COUNCILWOMAN TARKANIAN and VICKI OZUNA, Code Enforcement Supervisor, regarding enforcement, the policy regarding entering someones home and the inspection process to verify the configuration and the number of bedrooms. COUNCILMAN COFFIN and the Councilwoman confirmed for MS. SEGERBLOM that this was a city-wide bill. Pointing out that Clark County does not allow any short-term rentals, the Councilwoman commented the City was doing its best to address this issue.

MS. KVECK requested a postcard notification be sent, she was assisted by an SUPs. COUNCILWOMAN TARKANIAN indicated this would be done.

Although she supported most of the proposed ordinance, MS. WALTERS thought the placard would create more problems because people would know what the home is sometimes vacant. COUNCILWOMAN TARKANIAN agreed stating that this requirement was being looked at. She also confirmed for MS. WALTERS that the log was not public but was available to Business Licensing and Code Enforcement. MS. WALTERS thought vacation rentals served a good purpose, and there were very responsible vacation rental owners present. She shared that her family recently stayed in a vacation rental while her house was under construction.

DAYVID FIGLER, President of the John S. Park Neighborhood, thanked the Planning Department for sending a representative to their neighborhood meeting at their request to explain the proposed bill. As this impacts the quality of life and stability of these residential neighborhoods, it is important to have reasonable restrictions in place. These are 24/7 businesses, and although he thought something could be worked out for all parties, he noted that Code Enforcement does not work 24/7. He suggested that the proposed restrictions be implemented, but there should be more specificity with regard to no buses or shuttles, more explicit parking regulations and who can be in the house and a reference to renting to people on the sex offender registry. He did not think neighbors should be compiling evidence against other neighbors to support a search warrant so that enforcement could happen; that pits neighbor against neighbor. Everyone wants reasonable restrictions that are evenly imposed and are enforced. If this is going to be a commercial business and the character of residential neighborhoods is going to change, these businesses have to be treated like any other 24/7 business that operates. He asked that the bill move forward with the tier system, and the Committee consider letting existing short-term rentals continue to operate for one year and place a moratorium on any new applications until staff can figure out if this is working or not. He

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commented that it seemed unfair to those in the historic neighborhoods to be treated differently than the exempt areas such as Summerlin and Town Center.

MS. ASMUSSEN expressed concern with the number of vehicles that would be allowed to park at these homes and suggested escalating fines for each violation. COUNCILWOMAN TARKANIAN explained that if a neighborhood could not accommodate the traffic or parking, the SUP should not be approved. She noted that the Nevada Legislature regulates the amount of the fine, and \$500 is the maximum fine that can be imposed. The Councilwoman referenced a legal battle between Airbnb and the City of San Francisco regarding the names on their platform being public.

ROBERT TERRY, entrepreneur, thought people were afraid of diversity and communities evolving, and they were stereotyping the individuals renting out their property.

The following individuals spoke in opposition of the proposed bill: NORMAN SCHILLING, resident; LINDA KAPITIAN, resident; DILLON BRACKEN, resident; ATTORNEY JAY BROWN, representing the Vegas Vacation Rental Association; ANNETTE FLA LA, one of the founders of the Vegas Vacation Rental Association; ERIN MCINTOSH, resident of Glen Heather Estates and vacation rental owner; SHANE STINEBAUGH, short-term rental applicant; JOE LOCATELLI, representing the Greater Las Vegas Association of Realtors (GLVAR); JIM SUITOR, short-term rental owner; MICHAEL COLE ROSE, short-term rental owner; DR. NANCY FALLON, short-term rental owner; CHLOE CHRISTENSEN; JULIE DAVIES, short-term rental applicant; and CLARE McALLISTER, short-term rental owner.

Some of these individuals expressed concern that they have purchased property and made large investments for improvements with the intent to operate short-term rentals, and the proposed ordinance would affect them. Additional comments included not changing the rules in the middle of the game; an SUP should not be required if already licensed; short-term rentals are a good option for those individuals that do not want to stay in a hotel and are easier for families with children; they supplement the income of those on a limited income; the additional costs associated with an SUP (i.e., possible parking studies and floor plans) could cause a hardship; the ordinance should be more restrictive; it is unfair to require an SUP after already spending hundreds of thousands of dollars; there should be an exception with regard to HOAs since the HOAs can prohibit them if it so wishes; short-term rentals and bed and breakfasts should not be combined in the same ordinance; the occupancy limits per bedroom should not be changed; the Committee should not rush into adopting an ordinance unless it provides changes that will benefit all parties; not all should be considered party houses; the current rules are already effective; law-abiding citizens should not be punished; they just need to get rid of the bad apples; and the SUP requirement will be prohibitive causing people to go underground and operate illegally. One gentleman requested an abeyance until the outcome of Assembly Bill 294, which deals with transient lodging, was decided. Statements were made that Generation X and millennials are changing the way people travel.

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MS. KAPETAN did not think a non-owner occupied two-bedroom home should have to go through the SUP process because it is small and would not have the parking and partying issues associated with the larger homes. COUNCILWOMAN TARKANIAN stated that could be considered.

MS. FIALA read a letter from ICE CUBE into the record.

EDWARD NORTON, Norton Consulting Investigations, described a meeting he had with the Vegas Vacation Rental Association where they requested a plan to help enforce the rules and regulations in order to police themselves. This would include the institution of a 24-hour call service. If there was a problem, two trained investigators would be dispatched to the house and the appropriate action taken. Parking violations could also be addressed. He works for several HOAs in town, and his company is able to trespass people which would be helpful since Metro is busy on the weekend.

COUNCILWOMAN TARKANIAN clarified that Summerlin was not left out of the ordinance; they have HOAs that control the communities themselves.

DR. NANCY FALLON explained how the value of her house dropped from close to \$1 million down to \$250,000. With a balloon mortgage due, she tried to rent it out long term for a year and a half but discovered that there was no market for renting a 1,000 square-foot home. As such, she decided to license it as a short-term rental. She explained how she had a security system installed where she can see who comes and goes on her cell phone and receives an alert every time someone goes in and out of the home. The system has a video doorbell and 24-hour camera monitoring of the house and surroundings. She screens all of her guests and only books those with positive reviews. It is clearly stated on her advertising that house parties or events are not allowed and not every rental request is accepted. DR. FALLON noted that long-term renters tend to destroy property while short-term renters want a quiet, private place away from The Strip.

COUNCILWOMAN TARKANIAN commented that some excellent points were made by those that spoke. She pointed out that none of the other jurisdictions allow short-term rentals.

COUNCILMAN COFFIN commented that individuals spoke about the investment put into these short-term rentals, but there has been no consideration given to those whose entire life savings is in the home where they live. He spoke of a time when there were not enough hotel rooms so people stayed in peoples homes, but now there are plenty of hotel rooms available. He indicated he would support the proposed bill but would review what was submitted and may entertain any proposed amendments.

COUNCILMAN ANTHONY stated this was a very complicated issue, and he was not ready to either support or oppose the bill at this point. There are more people he would like to listen to, but he was unable to because he had to leave for a dedication, and he would like a complete understanding prior to making a decision.

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COUNCILWOMAN TARKANIAN indicated she has strong feelings about short-term rentals. The land is zoned residential, not commercial, but there can be short-term rentals that might fit in these neighborhoods which is why the City is going through this process. She is open to listening to changes, especially with regard to the placard requirement, the log and seniors that need help but stated those changes would have to be made by the City Council. She will review all comments submitted, and if she feels the need to meet with any of the audience members, she will do so.

COUNCILWOMAN TARKANIAN announced that two of the Committee members had to leave soon because of a prior commitment, but those who did not get the opportunity to speak could submit any written comments they had. Those comments are attached as backup.

See Items 3 and 7 for related discussion.

COUNCILWOMAN TARKANIAN declared the Public Hearing closed.

Subsequent to the motion and vote, COUNCILWOMAN TARKANIAN stated the bill would move on to the June 7th City Council meeting. CHIEF CITY ATTORNEY VAL STEED confirmed that if published, this bill would be eligible for adoption at the June 7th City Council meeting.

