

SHORT-TERM RENTALS

Public Open House

January 21, 2020

What is a short-term rental? (STR)

- Temporary rental of residential rooms or homes. Includes rental of a whole house, apartment, or room(s) within a dwelling.
- Common platforms are Airbnb, VRBO and HomeAway.



Residence – A residential use lasting more than 30 days.

Hotel – A commercial use typically renting for 30 days or less.

STR – A residential use lasting 30 days or less. It falls somewhere between a Residence and a Hotel.

How does the City allow STRs today?

- STRs are not directly addressed in the City Code.
- Allowed as a home occupation in Residential zoning districts:
 - Operator must reside on-premises during rental period;
 - Maximum 20% of floor area devoted to rental;
 - Maximum 2 square feet sign area.
- Considered a hotel in Commercial and Industrial zoning districts.

Legislative Bill (LB) 57

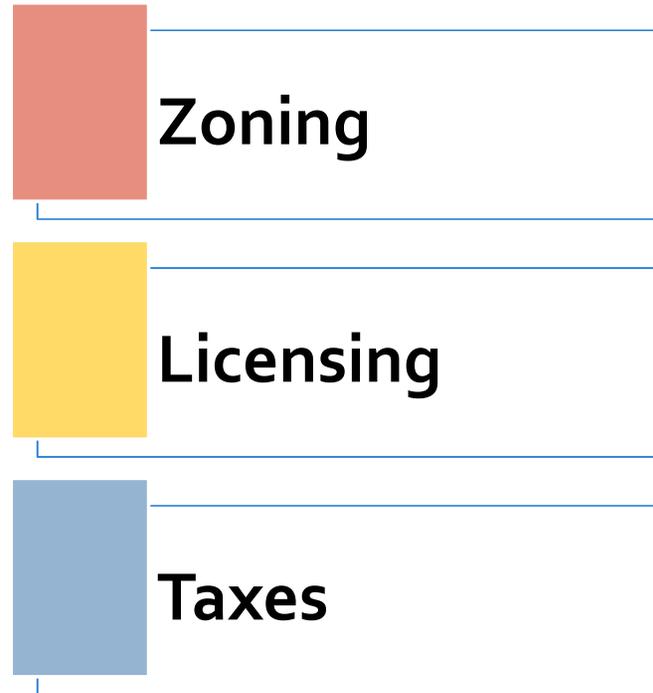
- Approved March 2019 by the Nebraska Legislature.
- Prevents municipalities from banning STRs.
- Allows regulation of issues such as zoning, fire and building codes, and noise.
- City ceased enforcement when LB57 was enacted until a new ordinance is adopted.



What changes are being considered?

- The City of Lincoln needs to update its Municipal Code to better address LB57 by establishing licensing and life safety standards for STRs.
- Comments will be considered and incorporated into a finalized proposal with hearings at Planning Commission and City Council.
- A Discussion Draft describing one way to regulate STRs was created to start the community discussion.

Discussion Draft



Discussion Draft

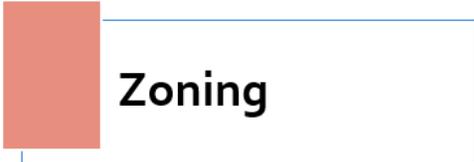


Zoning

Definition:

“The rental of all or a portion of a residential dwelling for accommodations by the person or persons maintaining the dwelling as their primary residence for a length of stay per guest visit of no more than 30 consecutive days. Short-Term Rental does not include rental of a dwelling unit for meetings including but not limited to luncheons, banquets, parties, weddings, fund raisers, or other similar gatherings for direct or indirect compensation.”

Discussion Draft

A graphic element consisting of a solid orange square on the left and a white rectangular box with a thin blue border on the right. The word "Zoning" is written in a bold, dark blue font inside the white box.

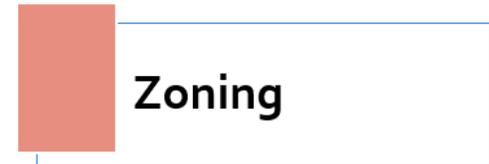
Zoning

Allow STRs in residential zoning districts and most commercial and industrial districts (R-1 through R-8, O-1, O-3, B-1, B-2, B-3, B-4, B-5, H-1, H-2, H-3, H-4, I-1, I-2 and I-3).

Conditions:

- 1) **The operator (host) must obtain a license.**
- 2) **The STR must be the operator's primary residence.**
- 3) **An accessory dwelling unit could be used if the above conditions are met.**

Discussion Draft



A reminder of our land use categories:

Residence – A residential use lasting more than 30 days.

Hotel – A commercial use typically renting for 30 days or less.

STR – A residential use lasting 30 days or less.

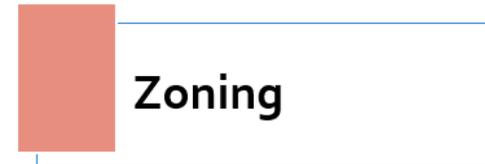
Discussion Draft



Why Primary Residency?

- Distinguishes an STR from a Hotel, which would not normally be allowed or desired in neighborhoods.
- There may also be implications for increased concern for neighbor impacts and property maintenance.

Discussion Draft



| Scenario | Allowed? |
|--|---|
| Rental of bedroom(s) within a dwelling. | Yes |
| Rental of an entire house or apartment. | Yes |
| Rental of an accessory dwelling unit. | Yes |
| Rental of a dwelling for use as a party space. | No – considered a commercial event space. |

Discussion Draft

**Licensing**

- All operators would be required to obtain a license from the Building & Safety Department for each dwelling being rented.
- License could be revoked in the event of multiple City violations.
- License application fee and annual renewal.

Discussion Draft



Licensing

- The operator must affirm that the dwelling meets the basic life safety requirements such as:
 - Smoke alarms
 - Carbon monoxide detectors
 - Egress for sleeping areas
 - Electrical, HVAC, appliances, doors and windows, etc. in working order
 - Visible street address numbers
 - Max. 2 persons per bedroom/sleeping area
 - Inform renters which areas are permitted to be used for bedrooms/sleeping areas

Discussion Draft



Licensing

Primary Residency

- The STR must be the operator's primary residence.
- One primary residence at a time; the place where the applicant resides for at least 6 months out of a 12 month period.
- Applicants must submit at least 2 forms of proof of address (government-issued ID, voter registration, utility bill, etc.)

Discussion Draft



Taxes

Several types of taxes could apply:

- **Hotel Occupation Tax** - locally imposed tax collected by the City of Lincoln. An amendment to Title 3 of the LMC would revise the definition of "Hotel" to include STRs. If approved, Hotel Occupation Tax would be imposed on each STR listing at the rate of 4%, regardless of the number of bedrooms rented.
- In addition, the State of NE collects state and county lodging tax and local sales tax. Many larger hosting platforms already collect these taxes.

Discussion Draft



Taxes

Hotel Occupation Tax

- LMC Chapter 3.28 imposes a four percent (4%) hotel occupation tax. The City Treasurer's office manages the collection of these taxes.
- The hotel occupation tax must be paid on a monthly basis and is due on the 25th day of the month following the end of the reporting period. For example, January 2020 taxes are due February 25, 2020.
- Tax forms, Lincoln Municipal Code and Frequently Asked Questions are also available on the City of Lincoln website. An Occupation Tax hotline is available at (402) 441-7457.

Discussion Draft



Taxes

Hotel Occupation Tax

Three options are available for paying these taxes:

- 1) Manually filling out a tax return form and mailing the return along with a check for payment to the City of Lincoln Treasurer's office.
- 2) Coming into the City Treasurer's office and paying your taxes with cash or check.
- 3) Paying on-line. An online occupation tax payment system is available on the City of Lincoln website at Lincoln.ne.gov (keyword "occupation"). Registration is required for use of the system. Online help is available for both the registration process and use of the system for payment of occupation taxes.

Website

www.lincoln.ne.gov (keyword: short term rental)

- View the Discussion Draft
- Open House dates & times
- Submit comments via a questionnaire

The screenshot shows the City of Lincoln Planning Department website page for Short Term Rentals. The header includes the City of Lincoln logo and the Planning Department name. The main content area is titled "Development Review" and "SHORT TERM RENTALS". It provides a definition of a short-term rental (STR) and mentions that these are often listed on platforms like Airbnb and HomeAway. A "Discussion Draft" section explains that in March 2019, the Nebraska Legislature passed Legislative Bill 57 (LB57), which limited regulations on STRs. The City of Lincoln needs to update its Municipal Code to better address LB57 by establishing licensing and life safety standards for STRs. A "Discussion Draft" available on the page was created as a starting point for discussion and comment by the public regarding STRs in Lincoln. The feedback received from the public will help direct the finalized proposal presented to the Planning Commission and City Council. Public hearings on the changes are anticipated to take place during 2020. There is a link to "Open Houses".

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UPLNK
Report non-emergency issues such as potholes, downed tree limbs, etc.

EST. 1859