

## STAFF REPORT

To: Mayor and Council Members Date: June 13, 2017

From: Diane Meek, Interim Director Development Services Prepared by: Chris Collins, AICP, Site Division Manager

Via: Gary Jackson, City Manager

Subject: Update on Homestay Permits and Short Term Rental Enforcement

Summary Statement: Staff has been charged with providing quarterly updates of Homestay permit activity and Short Term Rental enforcement. The data in this report spans a time frame from November 2015 through May 26, 2017.

Review: Rental of a property within the City of Asheville for a duration of less than 30 days is considered "Short-term". Rental of an entire home/apartment on a short-term basis is not allowed in residential districts and some commercial districts. Rental of private rooms within a dwelling on a short-term basis is allowed with a valid *Homestay permit* from the City.

November 2015, due to strong demand for homestay lodging, City Council passed a text amendment to Section 7-16-1(c)(9) to modify the requirements for a *Homestay*. The Development Services Department (DSD) began receiving applications for *Homestay permits* under the new provisions on November 18, 2015.

July 2016, Council allocated additional resources and staff to DSD to facilitate the permitting of Homestays and enforcement of illegal short-term rentals.

November 2016, the City engaged a third party contractor (Host Compliance) to assist with locating short-term rental violations throughout the City. The Address Identification service provides a monthly report with complete address information and screenshots of all identifiable short-term rentals in our jurisdiction.

Update on Homestay Permit Activity: According to data compiled by Host Compliance, there are approximately 331 listings advertising partial home rentals for properties located within the City of Asheville. Partial home rental activity is that which is most likely to be eligible for the issuance of a Homestay permit. It can be concluded from the permit data that a large percentage of eligible properties identified by Host Compliance are now operating with a legally issued homestay permit.

Time Period	Permits Issued
Nov 2015- Oct 2016; 12 month span	102
Nov 2016- May 2017; 7 month span	247
Total Active Homestay Permits (All Time Spans)	326

Update on Enforcement Activity: As directed, Development Services staff has increased proactive (staff initiated) enforcement of short-term rental violations. From November 2015 to November 2016, staff issued an average of 10 notices of violation for short-term rentals per month. From November 2016 to May 2017, City staff has issued an average of 72 notices of violation for short term rentals. From November 2015 to the date of this report, the City has sent a total of 536 notices of violation. Of the total noticed violations, only 13.7% originate through citizen complaints. 86.3% of the violations noticed by the city have been proactively originated by city staff with the assistance of the third party.

<b>Time Period</b>	<b>Average Violations Noticed, Monthly</b>
Nov 2015- Oct 2016; 12 month span	10
Nov 2016- May 2017; 7 month span	72
<b>Percentage Increase, Proactive Enforcement</b>	<b>720%</b>

The majority of the cases opened are resolved through the correction of the violation or issuance of a homestay permit where applicable. The table below highlights the most noteworthy resolutions:

<b>Resolution of Case</b>	<b>Percentage of Cases</b>
Homestay Permit Issued	20%
Violation Corrected, Case Closed (change of use in an allowed zoning district, change to 30 day minimum rental, etc)	43%
Invalid Complaint	7%

Staff Concerns: Through the administration of the revised Homestay permitting and proactive enforcement programs, staff has encountered many different scenarios that have informed the following areas of concern:

- Possible false representation of residency, web postings, and leases;
- Property owners seeking to operate homestays from detached structures;
- Accurate identification of livable space and unit separation; and
- Continuing media, recognition of the value of the short-term rental market in Asheville.

Next Steps: Staff will continue to work with the Host Compliance software service while diligently verifying supplied data to identify properties that are possibly in violation and those which may have the opportunity to gain compliance through Homestay permitting or other means. However, the number of new and unique violations identified by the Address Identification Service is decreasing. As such, the number of violations issued is expected to decrease in the future.

## EXHIBIT ONE | DATA FROM HOST COMPLIANCE

Initial reports from Host Compliance indicated that there were over 1,100 short term rental properties within the City limits. At the time of this report, the service identifies that there are now only 844 short term rental properties within the City of Asheville. This represents an overall reduction in short term rentals by 256 properties or roughly 23% of the original number of properties.

**844**

STR Properties in or near  
Jurisdiction

**62**

STR Listings in or near  
Jurisdiction Added Last  
Month

**67.3%**

STR Properties in or near  
Jurisdiction successfully  
identified

### Listing types



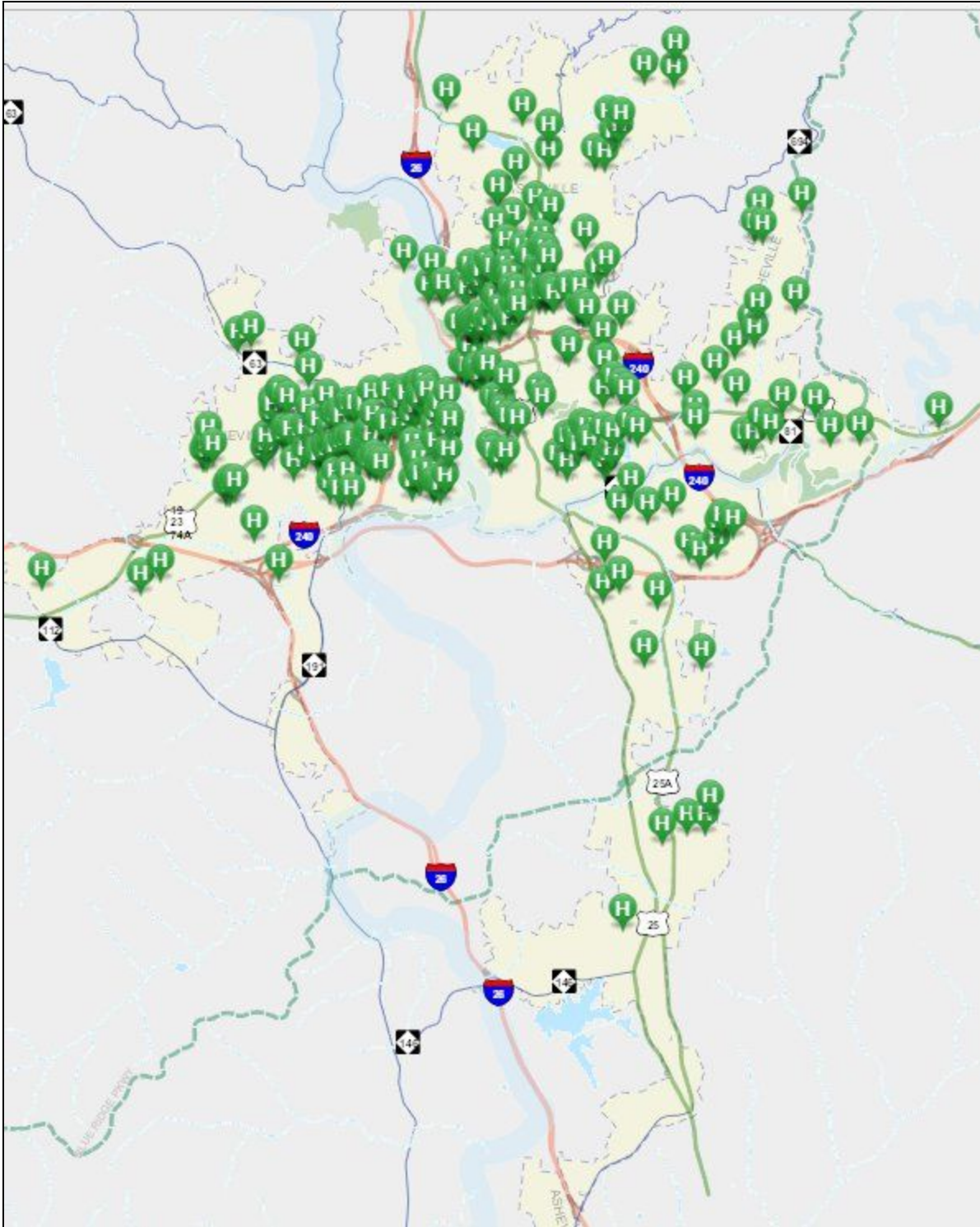
Single Family Listing  
[57%]  
Multi Family Listing [43%]  
Unknown [0%]

Partial Home [31%]  
Entire Home [69%]  
Unknown [0%]

### Minimum Nights Stay



EXHIBIT TWO | VISUAL HOMESTAY REPORT  
**THROUGH MAY 2017**



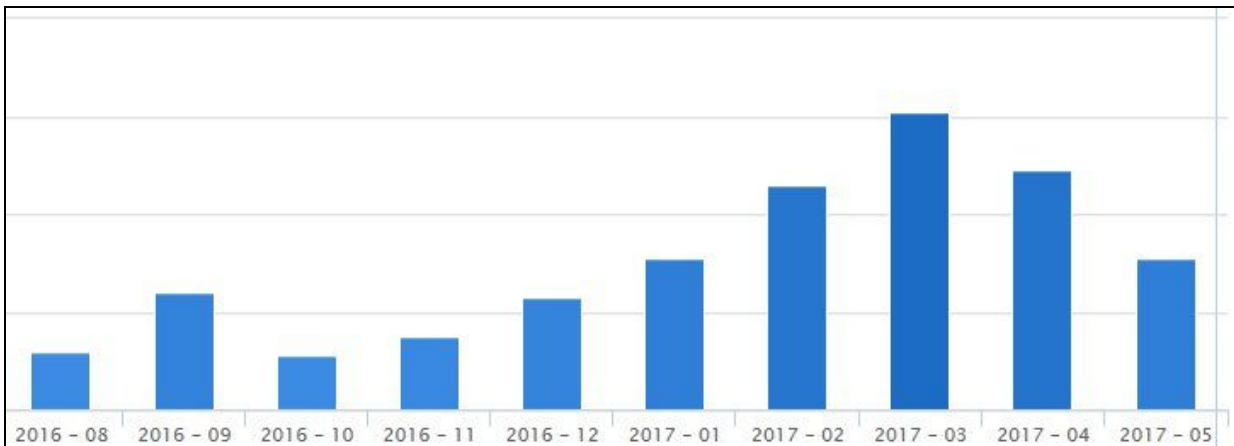
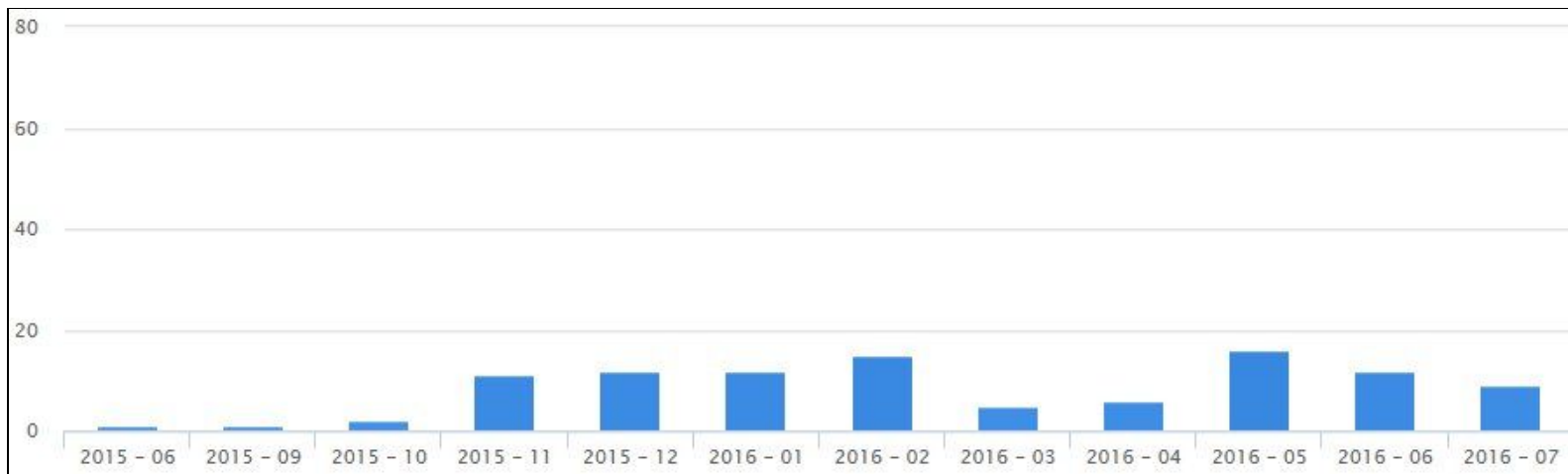
Map of Homestay Distribution

## NOVEMBER 2015 TO MAY 2017| HOMESTAY PERMITTING AT A GLANCE

<b>Number of Applications</b>	<b>405</b>
<b>Number of Permits Issued</b>	<b>326</b>
<b>Homestay Inspections Performed</b>	<b>344</b>
<b>Average Square Foot of Entire Residence</b>	<b>1,899 SF</b>
<b>Average Square Footage of Homestay Area</b>	<b>251 SF</b>
<b>Average Homestay Percent of Residence</b>	<b>17%</b>

Note: Full details on all issued Homestay permits can be found at the follow web address:

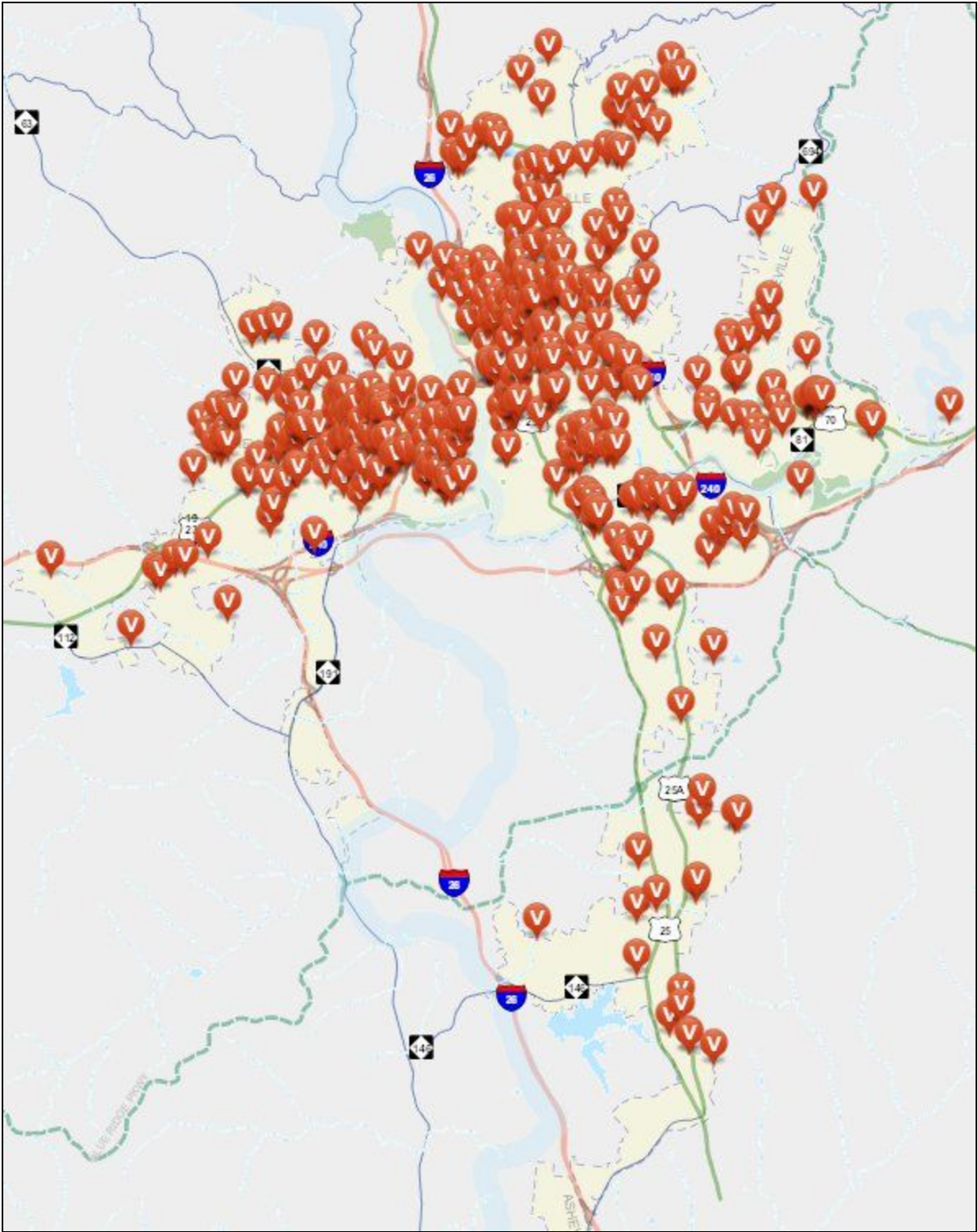
<https://arcgis.ashevollenc.gov/homestay/>

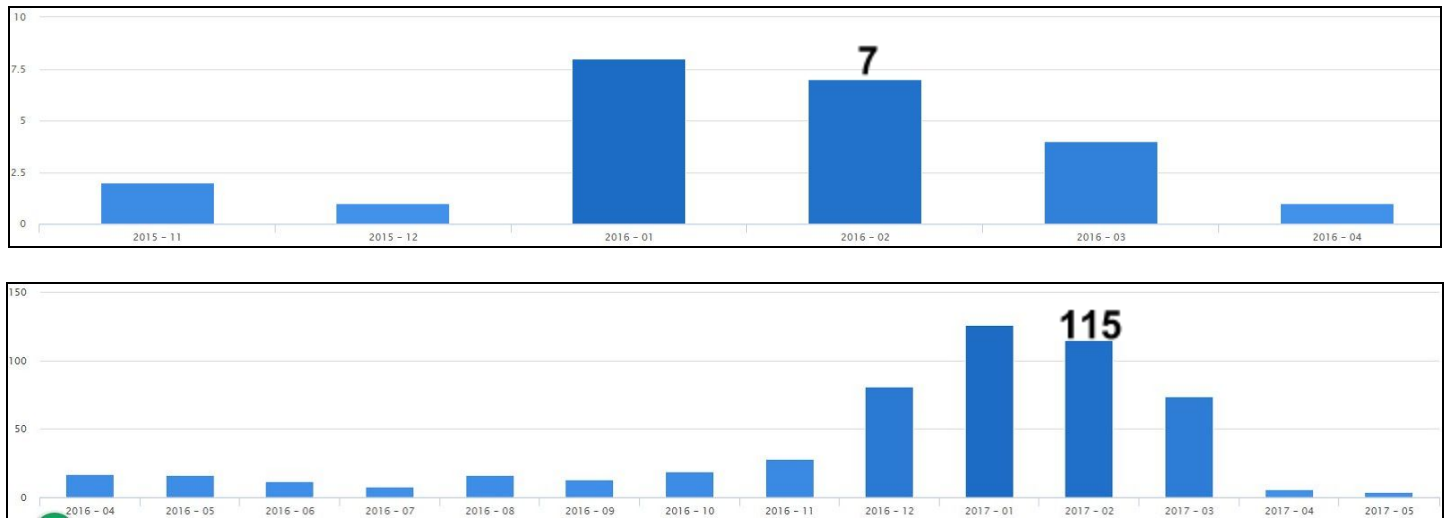


Homestay Permit Applications by Month



EXHIBIT THREE | ENFORCEMENT REPORT





### Enforcement By Month\*

\*NOTE: Charts have different ranges due to differing data sources

### NOV Resolution

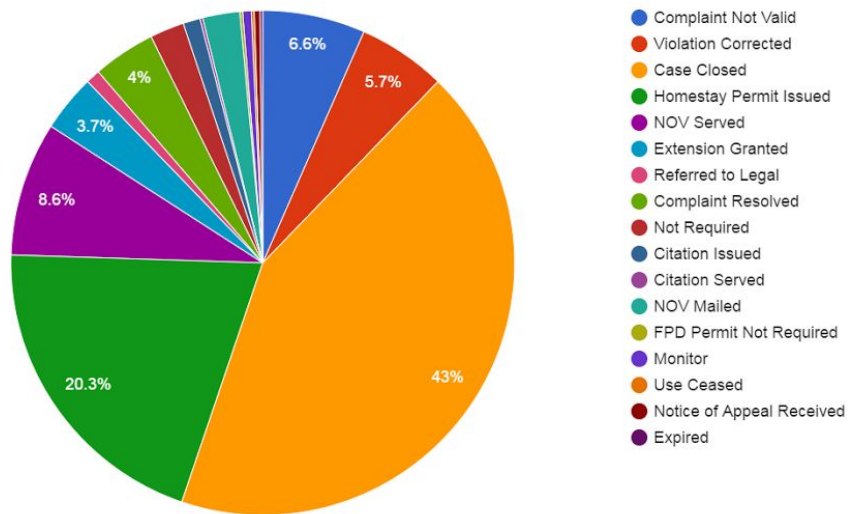


Figure Three. Detailed Resolution of Violations