MEMORANDUM

TO: Carmel City Council

FROM: Adrienne Keeling

Department of Community Services

SUBJECT: Z-629-17

DATE: December 28, 2017

Please find information on the following item forwarded by the Plan Commission. This item will appear on your January 8th agenda.

Forwarded with a favorable recommendation:

Ordinance Z-629-17 (Docket No. 17100033 OA): Short Term Residential Rentals

The applicant seeks to amend the Unified Development Ordinance in order to add review and approval procedures, definitions and fees for the establishment of Short Term Residential Rentals. Filed by the Department of Community Services on behalf of the Carmel Plan Commission.

Current Ordinance Interpretation:

Since short term rentals, such as those advertised on AirBnb and similar websites, are not a specified use in the Zoning Ordinance, the current interpretation is that they are commercial in nature, and therefore, NOT permitted uses in our residential districts. Those who wish to rent out their homes for less than 30 days would be required to obtain a Use Variance from the Board of Zoning Appeals.

Current Short Term Rental Activity:

Since the city started tracking AirBnb and similar websites, the number of short term rentals has fluctuated from 26-80 active listings. At last check we have 37 active properties, with fewer than 12 in single family homes. While some of the fluctuation is likely contributed to seasonal popularity, we believe that code enforcement efforts have resulted in an overall reduction. Central Carmel has the most activity with 17, but many are located in multi-family and townhome units. West Carmel is also fairly active with 12; this area fluctuates the most.

Discussion by the Legislature:

Meanwhile, in their 2017 session, the State Legislature proposed a bill which would have effectively banned municipalities from regulating short term rentals. The bill failed, but the topic was assigned to an Interim Study Committee for discussion prior to the 2018 General Assembly. The Study Committee met throughout the month of October and heard testimony in favor of and opposed to local restrictions on short term rentals. Ultimately, the Study Committee's recommendation was that the policy of the state should be *to prevent any undue restrictions on the use of a person's primary residence as a short term rental*.

This Proposed Ordinance:

Knowing that the Legislature is likely to discuss this topic again in 2018, the proposed ordinance is an effort to bring forth standards and review for short term residential rentals in RESIDENTIAL zoning districts. To summarize, the ordinance proposes the following:

- 1. **Definitions**: The existing definitions for Bed & Breakfast, Dwelling and Tourist Home are revised. New definitions are added for Permanent Resident and Short Term Residential Rental Unit.
- 2. **Special Exception Approval in Residential Zoning Districts:** This draft creates a new "Special Exception" category in our UDO, which would require review and approval by a BZA Hearing Officer. The fee required for an initial Special Exception application would be set at \$100; renewal applications would be set at \$50.

- 3. **Short Term Rental Standards** would be inserted into the UDO as Section 5.72, to provide standards for Short Term Residential Rental Units (those rented out for less than 30 consecutive calendar days). These would be allowed by right in some Business districts, but only by Special Exception in Residential districts. (The amendment does not address whether they would be allowed in PUDs.)
- 4. **Eligibility** to apply for a Special Exception would be limited to "Permanent Residents", that is, only homeowners or actual tenants of Dwelling units in Residential districts. This is intended to inhibit the sale of houses in established neighborhoods to investors who never reside in the unit and the subsequent conversion of those houses to "Tourist Homes".
- 5. **Suspension**: The Mayor would have authority to suspend operation of these provisions for up to 30 dates a year (for example, during the Indy 500, an NCAA Final Four, a PGA or LPGA golf tournament, or a major convention in the community). No Special Exception would be needed during these dates.
- 6. **Administrative provisions** relating to Special Exceptions would be inserted into a new Section 9.08 of the UDO. These were drafted to be very similar to Special Uses. The term of a Special Exception approval would be for one year only, subject to renewal. All Special Exception applications (including renewals) would go to a BZA Hearing Officer. Decisions of a Hearing Officer would remain subject to appeal to the full BZA.
- 7. **Favorable Consideration**: As opposed to Special Uses, which are generally to be considered "favorably" by the BZA, Special Exceptions would not initially be "entitled to favorable consideration." However, renewal applications would be entitled to favorable consideration unless they are opposed by DOCS.
- 8. **Criteria to be Considered**: The criteria for approval of a Special Exception would be similar (but not identical) to those for a Development Standards Variance. If a subdivision's covenants and restrictions prohibited short term rentals, that would be a basis for denial.

Plan Commission Summary:

The Plan Commission and its Commercial Committee discussed the ordinance and worked to keep the language as succinct as possible by removing unnecessary or duplicative text. Much of the discussion revolved around the differences between the definitions of Bed & Breakfast Inn, Tourist Home and Short Term Residential Rental Unit. Also discussed was whether or not to require that the owner of a proposed Short Term Rental Unit carry a specific amount of liability insurance coverage. The Plan Commission ultimately recommended, while important, that it not be a specific zoning requirement. However, the Plan Commission did add a requirement to list primary and secondary emergency contact information on the application. The Plan Commission also agreed that further discussion should occur as to how this ordinance could apply to PUDs (or portions thereof) developed as single-family neighborhoods.

The information in this packet is arranged in the following order:

- 1. Proposed Ordinance Z-629-17
- 2. Certification (expires March 21, 2018).

97		Amend Article 2 by adding Short Term Residential Rental as a Permitted Use for the following
98	Non-Resident	ial Districts:
99 100	2.23	B3 District Intent, Permitted Uses, Special Uses
101 102		Residential Permitted Use – Short Term Residential Rental
103	2.25	B5 District Intent, Permitted Uses, Special Uses
104 105		Residential Permitted Use – Short Term Residential Rental
106	2.27	B6 District Intent, Permitted Uses, Special Uses
107 108		Residential Permitted Use – Short Term Residential Rental
109	2.29	B7 District Intent, Permitted Uses, Special Uses
110 111		Residential Permitted Use – Short Term Residential Rental
112	2.33	C1 District Intent, Permitted Uses, Special Uses
113 114		Residential Permitted Use – Short Term Residential Rental
115	2.35	C2 District Intent, Permitted Uses, Special Uses
116 117		Residential Permitted Use – Short Term Residential Rental
118	2.37	UC District Intent, Permitted Uses, Special Uses
119 120		Residential Permitted Use – Short Term Residential Rental (upper floors only)
121	2.39	MC District Intent, Permitted Uses, Special Uses
122 123		Residential Permitted Use – Short Term Residential Rental (2 nd or higher floor only)
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Section V: *Amend Article 5 by adding a new Section 5.72: Short Term Residential Use – Specific Standards:*

5.72 US-26: Short Term Residential Rental Use-Specific Standards

These Use-Specific Standards for Short Term Residential Rentals apply to the following districts:

[INSERT ICONS FOR **S1**, **S2**, **R1**, **R2**, **R3**, **R4**, **R5**, **UR**]

- A. <u>Purpose:</u> It is the purpose of this Section to benefit the general public by minimizing adverse impacts on established residential neighborhoods in the City and the owners and residents of properties in these neighborhoods resulting from the conversion of residential properties to tourist and transient use.
- B. <u>Special Exception Eligibility</u>: A Permanent Resident of a Dwelling located in a Residential District may use the Dwelling as a Short Term Residential Rental Unit if:
 - 1. The Permanent Resident applies for and is granted a Special Exception, pursuant to Section 9.08 hereof.
 - 2. The Permanent Resident maintains a valid Registered Retail Merchant Certificate;
 - 3. The Permanent Resident posts a clearly printed sign inside his or her Dwelling on the inside of the front door that provides information regarding the location of any fire extinguishers in the unit and building, gas shut off valves, fire exits, or pull fire alarms;

- C. <u>Required Information for Application</u>: Both the initial application and any renewal application for a Special Exception permit shall contain the following:
 - 1. Information sufficient to show that the applicant is the Permanent Resident of the Short Term Residential Rental Unit, and that the applicant has a Registered Retail Merchant Certificate. Permanent residency shall be established by showing that the Unit is listed as the applicant's residence on at least two (2) of the following: motor vehicle registration; driver's license; voter registration; tax documents showing the unit as the applicant's primary residence for a standard homestead credit; or utility bill. A renewal application shall contain sufficient information to show that the applicant is a Permanent Resident and has occupied the unit for at least two hundred seventy-five (275) days of the preceding calendar year.
 - 2. Primary and secondary emergency contact information, including mailing address, phone number or email address. Upon approval of a Special Exception, emergency contact information shall be shared with the Carmel Police Department.
 - D. <u>Limitations</u>: The term of a Special Exception permit granted to a Permanent Resident shall be one (1) year. The grant of a Special Exception permit provides an exception only to the other requirements of this Ordinance. It does not confer a right to lease, sublease, or otherwise use a Dwelling as a Short Term Residential Rental Unit where such use is not otherwise allowed by law, a homeowners association agreement or requirements, any applicable covenant, condition, and restriction, a rental agreement, or any other restriction, requirement, or enforceable agreement. Nothing in this Section shall relieve any person or facilitator of the obligations imposed by any and all applicable provisions of state law and the Carmel City Code, including but not limited to those obligations imposed by Indiana tax laws and rules. Further, nothing in this Section shall be construed to limit any remedies available under any and all applicable provisions of state law and the Carmel City Code.
 - E. <u>Suspension of Section</u>: The Mayor may, subject to approval by resolution of the Council, suspend operation of this Section for not more than thirty (30) days per calendar year, during periods of time when major sporting activities or other special events, including, but not limited to the Indianapolis 500, PGA Tournament, NCAA Tournament, or a large convention, are scheduled in the Central Indiana community. During these periods, a Permanent Resident may use his or her Dwelling as a Short Term Residential Rental Unit without obtaining a Special Exception permit.

Section VI: Amend Article 9 by adding a new Section 9.08: Special Exception:

9.08 Special Exception

A. General Information: Special Exception approval by a Hearing Officer of the Board of Zoning Appeals shall be necessary prior to the establishment of a Special Exception, so cited by the district regulations herein, or the issuance of an Improvement Location Permit for said Special Exception. A Special Exception shall be considered as an exception to the uses allowed under the Unified Development Ordinance, and thus the original application for a Special Exception shall not generally be entitled to favorable consideration; however, an application for the renewal of a Special Exception shall generally be entitled to favorable consideration, so long as it is not opposed by the Director of Community Services. A Hearing Officer shall have discretion whether to approve or deny each Special Exception application, with his or her decision to be based on the special and unique conditions pertinent to the site, determined as a result of the review procedure established herein.

B. Procedure:

- 1. *Procedure Generally*: Whenever an application for a Special Exception within the planning jurisdiction is made, it shall follow the procedure set forth herein and shall conform to the regulations and requirements of the Unified Development Ordinance.
- 2. Consultation with the Director of Community Services and Application: Applicants shall meet with the Director of Community Services to review the zoning classification of their site, review copies of the regulatory ordinances and materials, review the Special Exception procedures, and examine the proposed exception and development of the property. The Director of Community Services shall aid and advise the applicant in preparing the application and supporting documents as necessary. The applicant shall then submit two (2) copies of the written application form and all necessary supporting documents and materials.
- 3. *Initial Review by the Director of Community Services*: Docketing on Hearing Officer Agenda: Following the receipt of the written application and necessary supporting documents and materials by the Director of Community Services, the Director shall then review the materials solely for the purpose of determining whether the application is complete and in technical compliance with all applicable ordinances, laws, and regulations, and therefore entitled to be forwarded to the Board of Zoning Appeals. If the materials submitted by the applicant are not complete or do not comply with the necessary legal requirements, the Director of Community Services shall inform the applicant of the deficiencies in said materials. Unless and until the Director of Community Services formally accepts the Special Exception application as complete and in legal compliance, it shall not be considered as formally filed for the purpose of proceeding to succeeding steps toward Special Exception approval as hereinafter set forth. Within thirty (30) days of the formal acceptance of the application by the Director of Community Services, the Director shall formally file the application by placing it upon the agenda of a Board of Zoning Appeals Hearing Officer, according to the Rules of Procedure of the Board of Zoning Appeals.
- 4. *Public Hearing*: Once the Director of Community Services has accepted and filed the application with a Hearing Officer, a docket number shall be assigned and a date and time set for a public hearing by the Hearing Officer, according to the Rules of Procedure of the Board of Zoning Appeals. The applicant shall be responsible for the cost and publication of any required published legal notification of the public hearing. The applicant shall also notify all interested parties and property owners as required by the Rules of Procedure of the Board of Zoning Appeals; however, notice by publication shall not be required for the renewal of a Special Exception. The conduct of the public hearing shall be in accordance with the Board of Zoning Appeals Rules of Procedure.
- 5. Approval or Denial of the Special Exception Application: Upon approval of a Special Exception, the Hearing Officer shall inform the applicant that the applicant may apply to the Director of Community Services for Improvement Location Permits (if necessary) or may commence the Special Exception if no permits are required. Failure of the Hearing Officer to inform the applicant of the time limits set forth in Section 5.72(D) shall not relieve the applicant of complying with said Section.
- 6. Appeal of Hearing Officer Decision: A decision of a Hearing Officer shall not be a basis for judicial review, but it may be appealed to the Board of Zoning Appeals. The Board of Zoning Appeals shall conduct a new hearing on the matter and shall not be bound by any Findings of Fact made by the Hearing Officer. A person who wishes to appeal a decision of the Hearing Officer must file the appeal with the Board of Zoning Appeals within five (5) days after the decision is made, as provided in I.C. 36-7-4-924.
- 7. *Time Limit for Re-Application*: A Special Exception application that is denied by a Hearing Officer or the Board of Zoning Appeals is ineligible to be placed again on an agenda for consideration until the legality of the decision is finally determined by a court, pursuant to judicial review

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according to the Advisory Planning Law, or for a period of twelve (12) months following the date of the denial, whichever is later. In addition, whenever a Special Exception application is denied, the property involved in the application shall not be the subject of a different Special Exception application, or any use variance or rezone proposal, for a period of six (6) months following the date of the denial.

- C. <u>Basis of Review</u>: A Hearing Officer, in reviewing a Special Exception application, shall give consideration to the particular needs and circumstances of each application and shall examine the following items as they relate to the proposed Special Exception:
 - 1. Surrounding zoning and land use;
 - 2. Access to public streets;
 - 3. Driveway and curb cut locations in relation to other sites;
 - 4. Parking location and arrangement;
 - 5. Trash and material storage;
 - 6. Necessary exterior lighting; and
 - 7. Protective restrictions and/or covenants.
- D. <u>Basis of Approval or Rejection</u>: A Hearing Officer, in approving or rejecting a Special Exception application, shall base his or her decision upon the following factors as they relate to the above listed items (Section 9.08 (C) concerning the proposed Special Exception:
 - 1. The economic factors related to the proposed Special Exception, such as cost/benefit to the community and its anticipated effect on surrounding property values;
 - 2. The social/neighborhood factors related to the proposed Special Exception, such as compatibility with existing uses in the vicinity of the premises under consideration and how the proposed Special Exception will affect neighborhood integrity; and
 - 3. The effects of the proposed Special Exception on vehicular and pedestrian traffic in and around the premises upon which the Special Exception is proposed.
- E. <u>Special Exception Decisions; Commitment</u>: Pursuant to IC 36-7-4-1015, a Hearing Officer may, as a condition to any approval of an application for a Special Exception, require or allow the owner to make any or all of the following commitments concerning the use of the property:
 - 1. That the Special Exception will fully comply with Section 5.72 Short Term Residential Rental Standards.
 - 2. That the Special Exception will be limited to thirty (30), sixty (60), or ninety (90) days during a calendar year, at the discretion of the Hearing Officer.
 - 3. If the Hearing Officer determines that a homeowners association or similar entity has established limitations or prohibitions that apply to the property, that the owner's implementation of the Special Exception will not result in the violation of any such limitations or prohibitions.

Section VII: All prior Ordinances or parts thereof inconsistent with any provision of this Ordinance are hereby repealed.

Section VIII: This Ordinance shall be in full force and effect from and after its passage and signing by the Mayor.

ADOPTED by the Common Council of the City 2018, by a vote of	ayes and nays.
COMMON COUNCIL	L FOR THE CITY OF CARMEL
Kevin D. Rider, President	Sue Finkam
Jeff Worrell, Vice-President	Anthony Green
Laura D. Campbell	H. Bruce Kimball
Ronald E. Carter	
ATTEST:	
Christine S. Pauley, Clerk-Treasurer	
Presented by me to the Mayor of the City 2018, at	_
	Christine S. Pauley, Clerk-Treasurer
Approved by me, Mayor of the City of Ca	· · · · · · · · · · · · · · · · · · ·
	James Brainard, Mayor
ATTEST:	
Christine S. Pauley, Clerk-Treasurer	
Prepared by: Adrienne Keeling, Planning Administrator, One Civic Square, Ca	

CERTIFICATION OF THE CARMEL PLAN COMMISSION'S RECOMMENDATION ON THE PETITION TO THE CITY OF CARMEL TO AMEND THE ZONING ORDINANCE PURSUANT TO INDIANA CODE 36-7-4-605

ORDINANCE Z-629-17

Ordinance Amendment Short Term Residential Rentals

To: The Honorable Common Council

Of the City of Carmel Hamilton County, Indiana

Dear Members:

The Carmel Plan Commission offers you the following report on the application (**Docket No. 17100033 OA**), petitioning to amend the Unified Development Ordinance in order to add review and approval procedures, definitions and fees for the establishment of Short Term Residential Rentals.

The Carmel Plan Commission's recommendation on the petition of the applicant is 'Favorable."

At its regularly scheduled meeting of December 19, 2017, the Carmel Plan Commission voted Ten (10) in Favor, Zero (0) Opposed, One (1) Absent to forward to the Common Council the proposed **Ordinance No. Z-629-17** with a "Favorable Recommendation".

Please be advised that by virtue of the Plan Commission's **Favorable** Recommendation, pursuant to IC 36-7-4-607(e), the Council has ninety (90) days to act on this petition before it becomes effective as Certified by the Commission. Ninety days from the date of the Certification is Wednesday March 21, 2018.

CARMEL PLAN COMMISSION

BY: Brad Grabow Lew
Brad Grabow, President

ATTEST:

Lisa Motz, Secretary Carmel Plan Commission

Dated: December 21, 2017

	ORDINANCE D-2407-18
	AN ORDINANCE OF THE COMMON COUNCIL OF THE CITY OF CARMEL, DING CHAPTER 2, ARTICLE 4, SECTION 2-149 TO THE CARMEL CITY CODE
Syn w	opsis: Establishes the City of Carmel Non-Reverting Events and Festivals Fund (Fund #923), nich Fund shall be used to hold monies received and expended for City events and festivals.
	WHEREAS, the Common Council of the City of Carmel, Indiana is, pursuant to Indiana 36-4-6-18, authorized to pass ordinances and resolutions regarding the control of the s finances and the appropriation of money; and
	WHEREAS, the Common Council of the City of Carmel desires to establish a non- ting fund (the "Fund") for the revenue and expenses associated with the operation of us City events and festivals; and
and t	WHEREAS, the Fund may receive revenue from private sources, public sources, grants he City may contribute to the fund itself; and
and f	WHEREAS, monies from the Fund will be used to pay for the operation of City events estivals; and WHEREAS, the creation of the Fund is in the public interest.
Carm	NOW, THEREFORE, BE IT ORDAINED, by the Common Council of the City of nel, Indiana, as follows:
	Section 1: The foregoing Recitals are incorporated herein by this reference.
Code	Section 2: That Chapter 2, Article 4, Section 2-149 is hereby added to the Carmel City and shall read as follows:
	"Sec 2-149 Non-Reverting Events and Festivals Fund (Fund #923)
	(a) There is established a City of Carmel Non-Reverting Events and Festivals Fund.
	(b) The funds contained in the Non-Reverting Events and Festivals Fund shall be received and deposited therein from all lawful sources in accordance with applicable law.
	(c) The funds in the Non-Reverting Events and Festivals Fund shall only be used for the operation of City events and festivals.
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45 46	(d) Monies in the Non-Reverting Events and Festivals Fund shall not be transferred into the General Fund, except as provided by applicable law.
47 48 49	(e) The Non-Reverting Events and Festivals Fund shall be administered by the Department of Community Relations and Economic Development.
50 51 52 53 54	(f) The funds contained in the Non-Reverting Events and Festivals Fund shall be accounted for and maintained separate and apart from all other City funds, and shall be invested with the interest earned thereon deposited in the Non-Reverting Events and Festivals Fund.
55 56 57 58 59	(g) In the event the Non-Reverting Events and Festivals Fund is terminated, all unexpended funds maintained therein shall be distributed to the City and deposited in the General Fund."
60 61	Section 3. That the remaining provisions of Carmel City Code Chapter 2, Article 4, are not affected by this Ordinance and remain in full force and effect.
62 63	Section 4. This Fund shall be identified as fund (#923).
64 65 66 67	Section 5. If any portion of this Ordinance is for any reason declared to be unconstitutional or invalid, such decision shall not affect the validity of the remaining portions of this Ordinance so long as enforcement of same can be given the same effect.
68 69	Section 6. This Ordinance shall be in full force and effect from and after its passage and
70 71	signing by the Mayor.
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	il of the City of Carmel, Indiana this ayes and nays.
COMMON COUNC	CIL FOR THE CITY OF CARMEL
Kevin D. Rider, President	Sue Finkam
Jeff Worrell, Vice-President	Anthony Green
Laura D. Campbell	H. Bruce Kimball
Ronald E. Carter	
ATTEST: Christine S. Pauley, Clerk-Treasurer	_
Presented by me to the Mayor of 2018, at	the City of Carmel, Indiana this dayM.
	Christine S. Pauley, Clerk-Treasurer
**	ity of Carmel, Indiana, this day ofM.
ATTEST:	James Brainard, Mayor
Christine S. Pauley, Clerk-Treasurer	
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