

C. PUBLIC HEARINGS ON ZONING ORDINANCE TEXT AMEMENDMENTS

- 1. **PLN-ZOTA-24-00007: AMENDMENT TO UPDATE SHORT-TERM RENTAL REGULATIONS** – a text amendment to update Articles 3, 8, and 23, to update regulations relating to Short Term Rentals.

INITIATED BY: Urban County Council
 PROPOSED TEXT: Copies are available from the staff.

The Zoning Committee Recommended: **Approval**, of staff alternative text.

The Staff Recommends: **Approval of the proposed text amendment with staff alternative text** to the Zoning Ordinance, for the following reasons:

- 1. The proposed text amendment with staff alternative text provides for greater protections against overconcentration of short-term rentals within neighborhood areas.
- 2. The proposed text amendment with staff alternative text provides enforceable limitations on hosted and un-hosted short-term rentals in order to prevent adverse impacts on the health, safety, and welfare of the local community and visitors to the Urban County.

Staff Presentation – Mr. Crum presented the suggested update to short-term rentals (STR) regulations. He gave a brief history and description of the original regulations that had passed in 2023. He explained that there had been a large number of Board of Adjustment (BOA) cases for un-hosted STR’s since the regulations were passed. He stated that the BOA had asked for more guidance on how to interpret the language. He described the text that was initiated by the Urban County Council and the changes that were proposed including reduction of total occupancy, number of units in commercial zones, and the number of STR units in the surrounding area. He said the spacing requirements would be a rule rather than something to consider. He also described some considerations that could be made for relief regarding the spacing requirements, and displayed some maps to depict potential situations for the relief. Mr. Crum concluded by giving a brief overview of the staff alternative language.

Commission Questions – Mr. Z. Davis requested to know the difference between entertainment areas and entertainment uses. Mr. Crum replied that “entertainment uses” was the preferred language.

Mr. Owens asked for clarification regarding maximum occupancy and Mr. Crum detailed the proposed change, which would reduce the maximum number to 10 guests.

Mr. Nicol inquired about agricultural tourism and natural areas. Mr. Crum replied that there would be another text amendment coming that would address STR’s in the agricultural zones.

Ms. Barksdale asked about the grandfathering process, and Mr. Crum explained the dates that that had occurred.

Ms. Worth asked if a new owner would have to request permission from the BOA. Mr. Crum confirmed that an STR use would not transfer to a new owner.

Ms. Worth further inquired if complaints referencing STR’s were being tracked so the BOA would have that information when making their decisions. Mr. Crum replied that the city would soon be using an STR hotline to help citizens report issues. He added that this information, along with reports from Police, Code Enforcement, and Zoning Compliance, would be included in staff reports to the Board of Adjustment.

Ms. Worth asked if there was a comprehensive database with all of the complaint/enforcement information. Ms. Wade replied that the Division of Revenue would be compiling all of the information in a database that would be up and running very soon.

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Mr. Penn asked how revocation would work if there were too many complaints about an approved STR. Ms. Wade explained that the Division of Revenue would have the authority to nullify the business license, and then Planning would nullify the Conditional Use Permit.

Ms. Barksdale suggested that language restricting STR's in areas prone to displacement or Neighborhoods in Transition, could hinder low-income homeowners' ability to use their property for more income. Mr. Crum stated that it was not a hard and fast restriction, but a factor to consider. He added that a low-income house used as an STR would be taking a home away from a long-term resident. Ms. Barksdale cautioned that consideration should be made no matter the location of the dwelling unit.

Staff Comments – Ms. Wade briefly reiterated the difference between a hosted and un-hosted STR, and that these regulations will only be applied to the un-hosted STR's.

Commission Question - Mr. Nicol asked if the blue text was in addition to the Council's original text, and if Council could change the language again after the Planning Commission made their recommendations. Mr. Crum confirmed this.

Public Comment – Judith Humble, 144 Lincoln Avenue, passed out a packet by Fayette County Neighborhood Council. She was concerned about short-term rentals because they decrease home values and housing stock. She felt that her efforts to oppose STR's have been futile.

John Grimes, 272 Sherman Avenue, was concerned about the number of STR's in the Kenwick neighborhood. He said there were too many. He displayed some maps of the Kenwick neighborhood with the STR's marked. He wanted the short-term rental data available to the public.

Trish Smith, 212 E. Bell Court, was concerned that some operators had applied as a hosted unit, but have been operating as an un-hosted. She also asked that the STR data be available to citizens.

Walt Gaffield, President of the Fayette County Neighborhood Council, made some suggestions to the Planning Commission including increasing the buffer distance and eliminating the relief provisions recommended.

Kayla Preston, 130 Arthur Jackson Lane, supported short-term rentals. She operated a short-term rental and told the Planning Commission that it was a valuable source of income for her. She appreciated staff helping her through the application process.

Lynne Flynn, 518 Springhill Drive, was representing the Picadome Neighborhood Association. She was concerned about the number of STR's in her neighborhood, and that several of them are unlicensed. She said they support the changes recommended by the FCNC. She also read comments from the Hill-N-Dale Neighborhood Association with similar concerns.

Kyna Koch, 3262 Gondola Drive, spoke on behalf of the Harrods Hill Neighborhood Association. She said there have been problems with some of the STR's in their neighborhood. She was concerned about the loss of long-term housing units.

Janet Cabaniss, 704 Cumberland Drive, spoke on behalf of the Stonewall Community. They did not want short term rentals, and they supported the suggestions made by the FCNC. She asked for more enforcement.

Mike Brower, 114 Shady Lane, spoke for the Southern Heights Neighborhood Association. He supports the recommendations of the FCNC. He was concerned with trash and party issues.

Terry Lennie, 324 S. Mill Street, opposes the addition of more STR's in the downtown neighborhoods. He said that the BOA should consider the effects of STR's on neighbors more than any other regulations. He wanted to keep the safety of the neighbors a priority.

Danny Albertson, 1211 Jessamine Station Road, was in support of the STR industry. He stated that he had invested time and money into old homes for STR's. He stated that his homes were used for more than vaca-

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tioners. He added that he wanted his units to be safe, and he supported local businesses. He said that operators were valuable members of the community. He was concerned that the new complaint hotline would be over used to try to get rid of the STR's.

Patty Draus, Allen Court, was representing the Joyland Neighborhood Association. She said they supported the recommendations by the FCNC.

Alex Narramore, 528 W. Third Street, stated that there was a house next door that was a STR and there had never been an issue. She would like to be an operator as well to make additional income. She said the process is too complicated.

Tom Eblen, 52 Mentell Park, opposed the exceptions for density requirements. He said the downtown neighborhoods need to be protected.

Mr. Reyes, owner of Master Clean, supported the STR industry and said that his business had grown significantly because it. He said he has already seen reduced business since the first requirements were made.

Tee Bergman, Mitchell Avenue Neighborhood Association, was concerned about how STR's affect affordable housing.

Daniel Rogers, no address given, owns property and rents to healthcare professionals and international students. He said that there is a need for short-term rentals for these people. He is supportive of regulations to keep operators responsible, but stated that STR's are important for our economy.

Vincent Frillicci – Airbnb representative, said that most communities do not regulate STR's the way that Lexington does. He said there is less than 1% of homes are used as short-term rentals, but have generated over 50 million dollars of economic activity. He encouraged the Commission to look at how other cities regulate the STR's.

Amy Clark, 628 Kastle Road, passed out a hand out. She stated that STR's are a commercial use in residential units. She told the Planning Commission that the BOA and residents are feeling overwhelmed with the number of units being processed, and suggested a monthly limit of cases to be heard by the BOA.

Commission Questions – Mr. Z. Davis asked for the definition of “hosted”. Ms. Wade read the definition from the Zoning Ordinance.

Ms. Worth asked for the definition of “primary residence”. Ms. Wade replied that the definition was in the Code of Ordinances and defined it to the best of her recollection.

Ms. Barksdale asked if the owner had to be present for a hosted stay, or if they just had to keep the property as their primary residence. Ms. Wade clarified that the host, who does not have to be the owner, had to be on the property during the time of rental.

Mr. Z. Davis inquired about duplexes. Ms. Wade explained that if a duplex was on the same parcel, you could live in one unit, and rent the other as a hosted unit. If each side is on a separate parcel, it would be considered un-hosted.

Mr. Owens asked if the maximum occupancy applied to hosted units. Mr. Crum verified that it did apply, but any unit that wanted a larger occupancy would have to make the request to the BOA.

Mr. Owens asked for clarification about units that were adjacent to a non-residential zone. Mr. Crum further explained this and the other reasons that relief might be granted by the Board of Adjustment on a limited basis.

Mr. Nicol asked staff how they felt about the regulations being handled from a policy aspect rather than as a land use aspect. Mr. Crum stated that in 2023 there were no regulations regarding short-term rentals at all. He

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added that these commercial uses in the residential areas were impacting neighborhoods and residents, and staff did not necessarily agree that they should be regulated just by a policy. Mr. Crum said there needed to be a balanced approach to the regulations.

Mr. Nicol asked if long term rental was considered a commercial use. Mr. Crum said it was not. Mr. Nicol further asked when STR's began being defined as a commercial use. Mr. Crum replied that it was at the time of the first regulations in July of 2023.

Mr. Worth inquired about the reason why the 500 foot area was chosen, when other surrounding cities use 600 feet. Mr. Crum replied that the 500 foot number came from the required notice area of Conditional Use Permits. Mr. Crum also stated the Commission had the ability to change that requirement.

Mr. Wilson asked how STR compliance would be enforced. Mr. Crum replied that it would be a collaboration between Planning, Division or Revenue, Code Enforcement, Zoning Compliance, and the Police, and that violations would be mostly complaint driven.

Note: The Chair called for a 5-minute break at this time.

After reconvening, Ms. Worth asked about citations, and Ms. Smith explained differences of citations and notice of violations. Ms. Worth clarified that there are many issues that go on but do not make it to the level of a violation. There was considerable discussion among staff and the Commission about notice of violations.

Mr. Z. Davis asked for clarification regarding the definition of adjacent and contiguous. Ms. Wade opined that either word could be used, but adjacent was a broader term.

Mr. Nicol suggested not having a maximum number of units for dwelling units in some business and mixed-use zones. Ms. Wade said that hotels are limited in those zones, and the limitations prevent multi-use buildings from side stepping other regulations. She said that staff would not be comfortable having more than 25% in those zones.

Opposition Rebuttal – Mr. Gaffield reiterated that there should be no question that STR's are commercial uses, and again asked that there be no exceptions to the distance requirement. He said there was a problem with the police not reporting parties.

Ms. Humble reiterated her previous statements and wanted to avoid too many STR's.

Ms. Clark also restated previously mentioned concerns regarding the commercial use in residential areas.

Support Rebuttal – Mr. Rogers was concerned that the new hotline would be used prejudicially by those that wanted the operators out of their neighborhoods. He said that operators were ambassadors for Lexington and good citizens.

Commission Discussion – Ms. Worth stated that she could support staff recommendations, but wanted to expand the distance requirement to 600 feet.

Mr. Penn said that it was important to give the BOA specific guidelines to help them make consistent decisions. He supported the staff alternative language.

Mr. Owens supported the idea of a 600 foot buffer and the staff alternative language. He also felt they need to give some relief to the BOA.

Ms. Barksdale supported the staff alternative and thought that the 500-foot buffer was sufficient. Mr. Nicol concurred.

Mr. Z. Davis supported the staff alternative and the 600-foot buffer.

Action – Ms. Worth made a motion, seconded by Mr. Owens, and carried 5-2 (Forester, Pohl, J. Davis, and Michler absent, Barksdale and Nicol opposed) to approve the staff alternative language, but increasing the spacing requirement to 600 feet.

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