



## **Memorandum**

**To:** Planning Commission  
**From:** Thomas Dansie, Director of Community Development  
**Date:** July 27, 2018  
**Re:** **August 1, 2018, Planning Commission Meeting  
Lodging Regulation Discussion**

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In the last meeting the Commission discussed issues related to future lodging development in Springdale. That discussion centered on regulation of short term rental units in residential zones. This report outlines suggested strategies to protect residential neighborhoods from the impacts of short term rental units.

There are other issues associated with additional lodging development identified in the General Plan the Commission should discuss as well. This report also provides an outline of those issues.

### ***Short Term Rental Strategies***

The Town Code currently prohibits rental of housing units in the residential zones for periods of less than 60 days. The Town Code also prohibits “transient lodging facilities” in the residential zones. These two regulations effectively prohibit short term rental of housing units in the residential zones. (Staff notes that short term rentals are allowed in the Commercial zones—there are a number of short term rental units currently in operation in the residential zones).

Because of increasing interest in short term rentals, the Commission may wish to clarify its regulation regarding short term rentals. Options for the Commission to consider are listed below.

- Allow short term rentals in residential zones. This option will respond to increasing market demand for short term rentals. However, if left unregulated short term rentals may overtake existing residential neighborhoods. This will work counter to the Town’s goals of preserving the integrity of residential neighborhoods and providing wide array of long term housing options.
- Allow short term rentals in residential zones, but under strict regulation. This is the direction many other Utah communities have gone in dealing with short term rentals. Possible regulations for short term rentals in residential zones include:
  - o Limiting the number of permits available for short term rentals in the residential zones. This limit could be a percentage of the total housing units in the Town. For example, 2.5% of the Town’s total housing units could be short term rentals.
  - o Requiring a separation distance between short term rental units to prevent any single neighborhood from becoming saturated with short term rentals.

- Requiring the owner/long term occupant of the housing unit to occupy the housing unit, in addition to making a portion of the unit available for short term occupancy (home hosting).
- Limiting the number of occupants / vehicles allowed at a short term rental unit in the residential zones.
- Requiring the owner of the short term rental unit to keep a registry of guests and make that registry available to the Town (to enhance the Town’s ability to follow up on potential nuisance complaints associated with the operation of the short term rental).
- Continue to allow short rentals in the commercial zones, and to prohibit them in the residential zones. This is the Town’s current policy and, based on discussion in the last work meeting, the Commission’s desired future policy. This is also the policy that best respond to direction in the General Plan to protect the character of residential neighborhoods and to avoid introducing commercial uses to residential areas. If the Commission determines to continue with this policy there are some clarifications that should be made to the Town Code, as detailed below:
  - Define “short term rental” as occupancy of all or any portion of a residential dwelling unit for periods of less than 30 days.
  - Specifically state that “short term rentals” are not allowed in the residential zones and are allowed in the commercial zones.

### ***Other Lodging Related Issues***

In addition to discussion of short term rentals the Commission should discuss the following lodging related issues. These are issues identified in the General Plan and discussed at the community forum on lodging in January 2017.

#### ***Boutique Hotels***

In order to promote the Town’s village atmosphere, the General Plan contains direction for the Town to promote boutique hotels. The General Plan envisions small to moderate size lodging establishments with strong ties to local architectural styling and ambiance. Strategies the Town can consider to promote boutique hotels include:

- Limit the building size for hotels.
- Limit the number of hotel units on any property.
- Strengthen architectural standards for lodging developments.

#### ***Change of Use (Residential to Lodging, Commercial to Lodging)***

Transient lodging is the easiest, most lucrative commercial venture in Springdale. Therefore, there is a growing trend for existing non-lodging uses to convert to lodging. When residential uses (in the commercial zones) convert to lodging use there is a negative impact on the Town’s housing diversity and housing affordability. When non-lodging commercial uses convert to lodging there is a negative impact on the diversity of commercial services in the Town. This detracts from the residents’ quality of life as fewer commercial services are provided, forcing trips to other communities for services. It also makes the Town’s economy increasingly dependent on a single industry, potentially exposing the Town to economic vulnerability in the case of downward trends in lodging occupancy.

The Commission may wish to discuss strategies to limit or discourage transitions from residential use or non-lodging commercial use to lodging use. The Commission should discuss the following strategies:

- Limit the overall number of lodging units in the community. This limit could be based on a ratio of lodging to population or housing units. This will prevent the Town from becoming too one-dimensional in commercial use offered.
- Require new lodging developers to also develop a certain number of lodging units in conjunction with the development. Alternatively, or in addition, require hotel developers to also develop non-lodging commercial uses in conjunction with the development.

### *Residential Character of Community*

The General Plan emphasizes the need to protect the residential character of the Town. Based on feedback from the community forum on lodging, many residents see increasing hotel and lodging development as a particular threat to the residential character and feel of the community. Unlike other commercial development, lodging offers little non-pecuniary direct benefit to residents. Restaurants provide service to residents and visitors alike, as do retail establishments. However, lodging by its nature is designed to serve non-residents only. As lodging development becomes overrepresented in the mix of the Town's commercial uses the impacts on residential character become more pronounced. Thus, residents see increasing hotel development as a particular threat to the residential and village character of the community. Strategies the Commission could consider to mitigate the impact of increasing lodging development on the residential character of the community include:

- Limit the total number of hotel units that can be developed in the community (possibly as a ratio to population or number of dwelling units in the community).
- Limit the number of lodging units that can be developed on any single property.
- Increase the lot area required per lodging unit (currently 2,500 square feet per lodging unit in CC, 4,000 square feet per lodging unit in VC).

### **Summary**

Lodging and future lodging development is a critical issue for the Town. This is reflected in the General Plan which identifies analyzing lodging regulation as a top priority as well as feedback from the Community Forum on Lodging in January 2017.

The Commission has discussed this issue in the past. In those discussions the Commission has commented that this discussion may not be warranted because there is not much lodging development potential left in the community. Staff still feels a discussion on lodging is crucial. A significant amount of lodging potential remains in the community on undeveloped land (potentially 200 to 300 lodging units). This represents 20% of the total lodging in the community, a not insignificant amount. Further, given recent trends discussed above of change of use conversions to lodging there could actually be more lodging development potential than the Town previously forecasted. Finally, staff anticipates a growing number of existing lodging establishments being redeveloped. For all these reasons staff feels additional analysis and discussion regarding lodging development is vital.

Staff recommends the Commission discuss the lodging strategies outlined in this report. The Commission may wish to reference the General Plan and report on the Community Forum (distributed in last month's packet material) as preparation for this discussion.