

PLANS AND POLICIES COMMITTEE MEETING

March 6, 2024

12:00 p.m.

Councilman Denny Whayne Conference Room (Busch Building, 4th Floor)
840 Boonville Avenue

MEMBERS

PRESENT: Abe McGull, Chair; Callie Carroll; Craig Hosmer; and Derek Lee.

MEMBERS

ABSENT: None.

COUNCIL/ STAFF

PRESENT: Jason Gage, City Manager; Maurice S. Jones, Deputy City Manager; Jordan Paul, City Attorney; Dan Smith, Director of Public Works; Steve Childers, Director of Planning and Development; Martin Gugel, Assistant Director of Public Works; Randall Whitman, Principal City Planner; Bob Hosmer, Principal City Planner; Anita Cotter, City Clerk; and Julie Greer, Deputy City Clerk.

GUEST: Chris Brewster, Multistudio; Jack McGee, *Springfield Daily Citizen*; and Marta Mize, *Springfield News-Leader*.

Councilman Abe McGull, Chair, called the meeting to order at approximately 9:24 a.m. He welcomed everyone and reviewed the meeting's agenda topics. Roll call was conducted. Present: Callie Carroll, Derek Lee, Craig Hosmer, and Abe McGull. Absent: None.

Councilman Hosmer moved to approve the minutes of the December 13, 2023, meeting as presented. Councilwoman Carroll seconded the motion, and it was approved by the following vote: Ayes: Carroll, Hosmer, Lee, and McGull. Nays: None. Absent: None. Abstain: None.

Councilman McGull noted the third item on the agenda, short-term rental review, would be taken up first. He explained there had been questions on the topic, and the Committee members had been provided with information, including the City of Springfield ordinance, the Kansas City ordinance, and a short-term rental compliance update. He turned the meeting over to Jason Gage, City Manager. Mr. Gage reviewed the current City of Springfield ordinance and summarize the Kansas City changes. He then turned the meeting over to Steve Childers, Director of Planning and Development.

Mr. Childers noted one of the documents provided to the Committee members was a summary of what Kansas City had changed on its ordinance. He noted he had been informed one of the issues was how the City dealt with unlicensed locations and asked if that was a primary objective. Councilman McGull responded that was definitely a concern and noted that had been addressed in the information provided.

Mr. Childers explained the software which would soon be utilized would be able to track the compliant versus non-compliant properties or licensed versus non-licensed properties and determine how to move forward.

Mr. Gage asked Mr. Childers to review the mechanics of the City's current system since City Council typically only saw appeals. Mr. Childers responded short-term rentals were basically in three types. Type 1 was where the owner also lived at the property, and these usually did not go before City Council. Type 2 was where the owner did not live at the property, and these were typically the ones that went before City Council. Type 2 rentals involved notices and signed approvals and included the appeals process. Mr. Childers confirmed with Bob Hosmer that staff could not approve the Type 2 rental appeals; they must always go before City Council. Mr. Hosmer confirmed. He asked if the Committee members would want to change that.

Councilman McGull responded the City Council wanted a definite answer from surrounding property owners regarding whether they approved or disapproved. He explained City Council changed the ordinance to allow a non-response to be considered an approval.

Councilman Hosmer noted when City Council passed the ordinance regarding short-term rentals, the bill was modeled after Kansas City's. It was later discovered that Kansas City had changed its model due to various issues. Under the changed Kansas City ordinance, no non-resident short-term rentals were allowed in residentially-zoned areas. Councilman Hosmer explained that had been his complaint. He expressed his opinion it was fine if someone were living in their own property and renting out a room; that could even be considered a home-based business. He expressed his opinion it was also fine when a short-term rental was located in non-residential zoning (Type 3). He explained he was still receiving a lot of complaints from people. Councilman Hosmer explained possibly part of the problem was the change made by Council from requiring an affirmative vote from 55 percent of the surrounding properties to considering a non-response as support. He noted he disagreed with that change.

Councilman Hosmer noted it had also been determined half of the registered short-term rentals were not paying what they were supposed to. He further noted, according to the compliance report, there were 359 unlicensed/unregistered 292 licensed/registered short-term rentals; of those 292, only 53 percent were paying fees and taxes.

Councilman McGull noted there were two issues – those not meeting the compliance requirement and those short-term rentals which were not registered.

Councilwoman Carroll asked how short-term rentals were different than long-term rentals. Councilman Hosmer responded a rental had the same tenant there all the time to address a complaint; he expressed his opinion the problem with the short-term rentals was the people being complained about were gone in a short time.

Councilwoman Carroll expressed her agreement with Councilman Hosmer and expressed her opinion that situation was partly the fault of the landlords. She noted, with the nuisance property aspect, some of the long-term rentals were the problem. She explained she would not book an

Airbnb if it did not appear to be well kept. She expressed her opinion Airbnbs were often the nicest looking house on the block.

Councilman Hosmer noted 359 short-term rentals were currently operating illegally in the city. He asked why a short-term rental owner would go through the process, pay higher taxes, and keep his property to a different standard when the person right across the street did not and had exactly the same outcome. He expressed his opinion the City was incentivizing people to do things illegally.

Mr. Gage responded he had noted three items from Councilman Hosmer's comments. The first was the approval process. He noted the point of the modification to the City's ordinance was due to the short-term rental locations being in areas with other rental property, and it was very difficult to get responses to the mailed notifications. He further noted, due to the number of surrounding properties, it did not take much to throw off the percentage of responses. He expressed his opinion it was an awkward process.

Mr. Gage noted the second was the question of whether or not the City should have non-residential Type 2 short-term rentals. He explained that was a pure policy question for the Committee and for City Council, regardless of what other cities did.

Mr. Gage noted the third issue was regarding compliance. He explained it was not possible to go to a short-term rental website and obtain an address without making a reservation. This made it very difficult to enforce the ordinance. He noted there were issues with those who were not properly licensed by the City and those who had not paid the required taxes. He explained there should soon be a software system in place which would help identify the properties. He noted staff would report back to City Council if the software did not provide the needed information. Mr. Gage noted the intent was to enforce, and that would be done as soon as the system was in place.

Councilman Hosmer noted the City had this ordinance for five years. Councilman McGull responded this was the first time it had ever been brought to a Committee. Councilman Hosmer explained compliance was a different issue; there had been an ordinance in the City for five years, and there were more unlicensed short-term rentals operating than licensed. Half of the ones who were licensed were not doing what they were supposed to. Councilman Hosmer noted Kansas City had required booking platforms to remove or deregister any short-term rentals, and the City of Springfield did not do that. He expressed his opinion self regulation was the best way to get enforcement, and the City should have done that previously.

Mr. Gage agreed the City would need to investigate that Kansas City practice, as it could be a good tool.

Councilwoman Carroll asked if the removal was performed by VRBO. Mr. Gage responded he was unsure how a city could instruct a national company. He expressed his opinion the City should incorporate that if it could be done and noted the City would investigate.

Councilman McGull asked about the maximum number of short-term Type 2 rentals which could potentially be located in the city based on the current criteria. Mr. Hosmer responded it could be quite a lot, as there could be 16 to 18 units on a block.

Mr. Gage asked for clarification on whether the City limitations were per city block and not specific separation similar to the original marijuana dispensary requirements. Mr. Hosmer responded the City only considered the number per block face.

Mr. Gage noted City Council could consider looking at the broader separation in addition to the block face requirements.

Councilman McGull referenced the memo dated February 12, 2024, which indicated there were 292 licensed short-term rentals within the City. He asked for verification they were all Type 2. Mr. Childers responded staff would investigate to determine which type was being referenced in the memo. Mr. Gage noted he thought the memo just listed the total number.

Councilman McGull referenced item seven on the memo, noting the City now had a vested interest in these properties since tax revenue was being collected. He noted eliminating the short-term Type 2 rentals could have a negative impact on the revenue collected. Councilman McGull also noted the short-term rentals provided citizens an opportunity to generate income for themselves. He expressed his opinion the persons utilizing short-term rentals were those who had loved ones in hospitals. Councilwoman Carroll suggested travel nurses would also utilize short-term rentals.

Councilwoman Carroll noted she personally utilized short-term rentals. She explained her friends with infants utilized them instead of taking an infant to a hotel. She also noted people with dogs would utilize short-term rentals instead of hotels. She expressed her opinion short-term rentals provided needed alternatives.

Councilman Hosmer suggested eliminating the short-term rental regulations and just let everyone operate the short-term rentals however they wanted. He expressed his opinion the City has kept the short-term rentals out of certain neighborhoods. He noted they were heavier in rental neighborhoods than in homeowner occupied neighborhoods because those in homeowner occupied neighborhoods would not sign the approval forms. He expressed his opinion the City had made it easier to get into the neighborhoods the City should be protecting. He noted if anyone in law enforcement were asked, they would advise the more home ownership in a neighborhood, the less crime there was. He explained the short-term rentals were being put into neighborhoods which were predominately rental neighborhoods.

Mr. Gage explained the short-term rentals Type 2 which went before City Council as an appeal were due to the difficulty in obtaining the signatures. He responded staff could research this. He asked if there was a map showing the locations of current short-term rentals.

Councilwoman Carroll expressed her opinion these properties would be regular rentals if they were not short-term rentals, so eliminating short-term rentals would not help home ownership. She asked Brock Rowe, Director of Building Development Services, if his department dealt with

a lot of short-term rental properties which were nuisance properties. Mr. Rowe responded his department could provide data. Mr. Gage responded staff could run numbers on police calls and obtain other information the Committee would like to see.

Councilman McGull noted information regarding calls for service at short-term rentals would be beneficial.

Councilman Lee expressed his opinion the current regulations were good except for the compliance issue. He noted his support for Councilman Hosmer's concerns and noted staff members were working towards a solution. He also noted he would support City Council considering removing short-term rentals in single family neighborhoods, but explained he would vote against it as he considered short-term rentals valuable. He noted he utilized short-term rentals in other communities.

Councilman Hosmer asked Councilman Lee about going back to the original ordinance where the short-term rental owner had to obtain affirmative signatures from owners of surrounding properties. He expressed his opinion doing otherwise made it easier to put short-term rentals into rental neighborhoods.

Councilman Lee responded he had personally sent out notices for public hearings frequently over the last 18 years. He noted the City of Springfield used to have consultants do that, and now staff members do it. He explained it was problematic, noting he did not mind improving the process, but he did not think the City Council could deny a short-term rental due to the lack of response. He noted property owners were not likely to respond. Councilman Hosmer explained that was what the original ordinance required, and then it was changed to allow appeals.

Planning and Development staff members provided a map of current short-term rental locations. City Clerk Anita Cotter displayed it on the screen.

Councilman McGull asked for information on the number of applicants who obtained the signatures required to be in compliance and the number of those who did not and had to use the City Council appeal process. Mr. Childers responded he would provide that information.

Mr. Gage reference the map showing short-term rental locations and noted more were located in the center of the city. He noted the core was clustered in the middle, probably closer to Missouri State University and hospitals. He noted it could be that the activities people were coming to Springfield for dictated the location. The rest of the properties location outside of the core appeared to be distributed fairly evenly.

Mr. Gage noted there may be a time when City Council would limit the quantity of short-term rentals or create separation; there were multiple ways this could be accomplished.

Councilman Hosmer asked if the locations shown on the map were legal or illegal short-term rentals. Mr. Hosmer responded the locations on the map were for known, registered properties.

Mr. Gage explained City staff members did not know the location of illegal short-term rentals. Mr. Childers added the software would help map that. Mr. Gage agreed.

Councilwoman Carroll noted the number one problem for the Committee members appeared to be the property owners who were doing this the incorrect way. She noted her argument would be if the City were to limit short-term rentals, the property owners would just create regular rentals. She asked if there were any regulations requiring a property owner to get signatures to have a rental. Councilman McGull responded there were not. Councilwoman Carroll expressed her opinion the short-term rentals were not impacting home ownership, noting there would just be more rentals if short-term rentals were not allowed.

Councilman Lee noted the number of unregulated short-term rentals included some which only showed up one or two times over a year. He expressed his opinion just because those properties were included, it did not mean that there were short-term tenants every week. He noted he got the impression the unregulated list included people who had just had tenants for a short time a couple of times a year. He expressed his opinion these people were not causing issues and that the number was inflated. Councilman Hosmer responded that the City did not know.

Councilman Lee responded it could be a case of someone going on vacation and offering their home as a short-term rental during that time, but the home was actually the primary residence of the property owner. He expressed his opinion the number was inflated when using it for those property owners utilizing short-term rentals for a continuous source of income throughout the year.

Councilman McGull noted what had been addressed was the process for notification and further noted he would like to continue the discussion at the next meeting. He explained he would like to address compliance and expressed his opinion the City was moving in the right direction. Councilman McGull asked for an update on how the City planned to make sure people registered a short-term Type 2 rental, the process, and the possible portal, and he asked if the same thing could be done for related business licenses.

Mr. Gage responded the software being described was a subscription software which allowed access to better information which was specific to short-term rentals; business licenses would be a separate item. He noted David Holtmann, Director of Finance, could provide information at a later time about the business license aspect.

Mr. Gage explained the software subscription would provide the history of short-term rentals, as some do appear for just a short time and some stay, and the history would allow the City to better enforce. He noted it would provide information on unlawful use and allow the City to determine if taxes were owed. He explained the intention was to utilize the software subscription for both items. However, if weaknesses in the system were found upon implemented, staff members would provide that information to the Committee members.

Councilman McGull noted the memo listed an outreach campaign, and he requested a description of that and the accompanying enforcement process. He also asked if there would be a grace period for compliance.

Mr. Childers responded staff members would provide the requested information to the Committee. He reviewed the needed information, including the types of the 292 licensed short-term rentals, the calls for service per type, the number of appeals which had gone before City Council, a map showing licensed and unlicensed short-term rentals, and the validity of the number of properties listed as non-compliant.

Councilman Hosmer asked if there had been any enforcement action regarding the 47 percent who had not paid any taxes. Collin Quigley, Deputy City Manager, responded the memorandum outlined the process to address licensed and unlicensed properties. He noted the sales tax began in July, so those who had not submitted collected sales tax would be contacted to make sure they came into compliance.

Councilman Hosmer asked if letters had been sent to those in non-compliance. Mr. Quigley responded he would check to see if the letters had been sent; he noted the enforcement correlated with having the software in place. He further noted if the software had been in place, the letters would have gone out March 1. He explained staff members had worked with the Law Department to compose the letters. Councilman McGull asked that the Committee members receive a copy of the letter for their review.

Councilwoman Carroll asked if Committee members thought the properties currently used for short-term rentals would be sold or used for long-term rentals. Councilman Hosmer expressed his opinion there was a housing shortage in the city, and City Council kept incentivizing people to take housing out of home ownership. He noted 40 percent of the population owned their home and expressed his opinion short-term rentals did not encourage home ownership.

Councilman McGull responded he was not sure if that was the chicken and the egg situation. He noted the bigger question was why people would decide to use their properties as short-term rentals and why the short-term rentals were located near rental properties. He explained the problem was getting the necessary signatures of the owners of nearby rental property. He expressed his hope the requested data would help determine compliance and show the number of calls for service. He noted the bigger question was whether the Committee would do anything about the compliance notice. He explained he was comfortable with the current process unless someone could provide a better alternative.

Mr. Gage reviewed the follow-up items he had listed, including determining the police call history to the known, registered addresses of short-term rentals, determining the Building Development Services call history for those properties, and obtaining the number of appeals for short-term Type 2 rentals which had gone before City Council since the ordinance was originated.

Mr. Hosmer responded there had been 27 appeals for short-term rentals Type 2 which had gone before City Council since the inception of the ordinance.

Mr. Gage continued listing the follow-up items, including determining if enforcement letters had been sent since the tax was implemented and obtaining a copy of the template letter for the Committee members.

Councilman McGull noted Councilman Hosmer had expressed a concern about getting the unlicensed properties into compliance. He asked if the process would be started during the current month. Mr. Gage responded the process would begin once everything was in place.

Councilman McGull noted the Committee had addressed short-term rentals and asked for more data. He noted it appeared the City was moving forward on the compliance piece. He anticipated there would be updated information available at the next meeting.

Councilman Hosmer suggested reviewing Kansas City's requirement regarding booking platforms. Mr. Hosmer responded the City of Springfield did not have a requirement regarding booking platforms. Councilman McGull noted Section 7 of the Kansas City ordinance read, "It shall be a violation of this section for an owner or operator to advertise or promote to use a third-party intermediary to advertise or promote a short-term rental Type 2."

Mr. Gage responded if the City were able to see those advertised and obtain the address from the system, staff members could determine which ones were not registered but were being advertised. He noted, currently, someone would just have to drive around and match the house with the picture; the address from the system would allow a more efficient way to verify registration.

Councilman McGull asked what methods property owners would use to advertise. Mr. Gage responded the two main platforms for persons to find short-term rentals were VRBO and Airbnb. Councilwoman Carroll noted the address was only provided after the booking was made.

Councilman Lee explained he had asked for the administrative subdivision code topic and the parking space requirements topic to be added to the agenda. He noted the Committee had requested these topics be reviewed by the Growth and Development Advisory Council and the Neighborhood Advisory Council, but that did not happen due to time constraints. He asked if the Committee had to wait to officially receive comments from those entities before the Committee discussed the topics again or if steps could be taken concurrently. He noted he wanted the feedback to be considered, but he did not see the need to wait.

Mr. Gage responded the Committee could address the topics according to their preferences, noting the next Committee meeting was scheduled for April 10. Councilman McGull responded information should be available regarding short-term rentals by the April 10 meeting, and there should be responses on the administrative subdivision code topic and the parking space requirements topic unless the groups requested more time.

Mr. Gage agreed, noting he anticipated there should be information on the administrative subdivision code topic and the parking space requirements topic by the next meeting unless the groups request more time. He noted staff would also ask for feedback regarding short-term rentals.

Councilman Lee noted there were consultants who were rewriting the code and noted the administrative subdivision code topic and the parking space requirements topic were related to those issues. He asked if the consultants who were in attendance would like to address this. He expressed his opinion these topics were “low hanging fruit,” noting the City’s parking lot regulations exceed national standards. He asked for comments from the Multistudio representatives who were in attendance.

Mr. Childers noted the topics had been forwarded to the Growth and Development Advisory Council and to the consultants. He further noted these topics were two of the hundreds of pieces to the Zoning Code. He explained the previous response from the groups indicated there were definitely places where less parking made sense but probably other situations where there was a need to make sure there was enough parking so it would not flow out onto neighborhood streets.

Mr. Childers explained the administrative subdivision side was deeper, with many different circumstances which could exist because of the differences in lots and access management points. He explained trying to create a “one size fits all” rule which would apply to all of the properties was problematic. He noted bringing in flexibility was the purpose of the consultant. He noted flexibility could have different meanings, but to him as the Director of Planning, it meant trying to figure out how to balance the development of the community with the new Forward SGF Comprehensive Plan and listen to the concerns of the development community. In addition to Planning, the subdivision process involved Public Works and Building Development Services. The consultants had been requested to review this, and Mr. Childers expressed his understanding this was important to Councilman Lee. He noted the consultant was reviewing the topic and cautioned against making a change and then having to make another change shortly after.

Chris Brewster, Multistudio, provided an overview of the technical workflow process Multistudio went through when drafting the updates. He noted they would track what was changing and why so Councilmembers could know and understand. Mr. Brewster explained he was aware that things did not stop while they were working through the revisions; however, incremental changes become difficult to track. Multistudio was working with things which were interrelated. The consultants would be working through the process over the next nine months. They preferred to not make interim changes.

Mr. Brewster addressed the parking trends. He explained his staff was finding communities were requiring too much parking. Multistudio did not have the correct solution yet but planned to address that issue. He noted they would start with the community’s parking rate and consider the placetypes. He cautioned against relying on any one source for parking guidelines. Mr. Brewster explained the interest of the City was to manage adjacent property owners so one was not using a neighbor’s parking due to a lack of space in their own parking.

Councilman McGull noted the Committee would make recommendations to the City Council. He further noted the overall theme for Forward SGF was walkability.

Councilman McGull expressed his appreciation for the presentation and noted the topics would be kept on the agenda.

Councilman Lee noted the items had proposed had very specific language. He asked for any comments from Multistudio on the suggested language, noting any feedback would be helpful to the Committee as members voted on specific language.

Mr. Gage noted Councilman Lee would like feedback on the content as it was reviewed. Councilman Lee responded he was asking for comments from the Growth and Development Advisory Committee and others on the specific language to know if it was the right direction and what would be beneficial for development.

Councilwoman Carroll moved to adjourn. Councilman Lee seconded the motion, and it was approved by the following vote: Ayes: Carroll, Hosmer, Lee, and McGull. Nays: None. Absent: None. Abstain: None.

The meeting adjourned at 10:29 a.m.