



Hillcrest Residents Association
Preservation and Planning Committee

Short Term Rentals – Panel Discussion

January 13, 2020

Panelists:

Nikki Parnell

Senior Vice President of Finance & Administration

Little Rock Convention and Visitor's Bureau

Topic:

Trends in Short Term Rentals & statistics in Little Rock

Jamie Collins

Director, Planning & Development

City of Little Rock

Topic:

Tracking and Managing Short Term Rentals – Need for an Ordinance

Boyd Mayer

Executive Director

Capitol Zoning District Commission

Topic:

Experience with Short Term Rentals in Governor's Mansion District

Marian Boyd, HRA Board Member served as the facilitator for the discussion.

She introduced **City Director Kathy Webb** to frame the importance of the Short Term Rental issue to Hillcrest.

Kathy Webb:

Short Term Rentals have many positive aspects (such as tourism, economic benefits, meeting a variety of housing needs in our communities), but there are some potential negative effects (change in neighborhood character, additional noise and traffic, etc.)

Short Term Rentals are becoming more prevalent in Little Rock, and the City Board has recognized the need to develop an ordinance or some policy to make sure that wisdom and foresight are applied to this rapidly evolving issue. The 72205 zip code (primarily the Hillcrest neighborhood) has more Short Term Rentals than any other area in Little Rock.

It is important that residents in neighborhoods like Hillcrest become educated to the issues surrounding Short Term Rentals in order to participate in the conversation and give good input to the City as an ordinance is developed.

Nikki Parnell:

The LRCVB uses AirDNA to provide data and analytics for Short Term Rentals in Little Rock

The Short Term Rental market really took off in Little Rock in Feb-April of 2018. It is a phenomenon that is growing and will continue to increase in popularity as the online marketplace expands.

Advertising and Promotions tax is collected by LRCVB for properties listed on Airbnb, but not all listing services. Individuals are responsible for making sure taxes are paid. The specifics of these collections are confidential due to the terms of the negotiations.

There are 314 Short Term Rental properties in Little Rock (mostly Airbnb, some VRBO)

28% of those are located in the 72205 Zip Code.

73% of those are whole house rentals.

Total number of Lodging permitting entities in Little Rock is 80. This accounts for about 7500 rooms in hotels and bed and breakfasts.

Jamie Collins:

Arkansas is a strong property rights state – this has an influence on the general attitudes toward Short Term Rentals.

At this time the City defines a Short Term Rental as the rental of a residential dwelling unit on a temporary basis for periods of less than 30 consecutive days.

Short Term Rentals are a business, and require the listing entity to have a business license.

The City of Little Rock at this time has no dedicated enforcement/oversight staff for Short Term Rentals. They only get involved because of complaints from neighbors (mostly involving whole house rentals). With the current staff, volume would create a problem if the City were to perform required inspections.

In West Little Rock, Short Term Rentals are limited by neighborhood covenants and restrictions. This does not apply in Hillcrest where such agreements are out of date or do not exist.

One important factor is whether or not the property is owner occupied. Does the owner stay on premises, or do they live somewhere else and just manage the property?

There is question as to whether Short Term Rentals should be treated like a Bed and Breakfast (which requires a Conditional Use Permit) or like a Hotel/Motel which requires a Planned Development process. Hotels and Motels also have additional safety requirements required by the Fire Prevention Code.

A Conditional Use Permit does not transfer with the property. Re-zoning can either stay with the property or not, depending on how the re-zoning is defined.

The Little Rock Planning and Zoning Department is working on a Short Term Rental report to be presented to the City Board in March. This report will include possible recommendations on how to treat Short Term Rentals.

Boyd Mayer:

In the Quapaw Neighborhood, there have been a half dozen Bed and Breakfasts since the 1980s. They were handled with Conditional Use Permits and it was assumed that they would be owner occupied.

In the Neighborhood, small scale home businesses have been allowed, but require a permit. When Airbnb came along, people complained because those properties typically did not get Conditional Use Permits or Business Permits.

Capitol Zoning proposed a policy that for Airbnbs that were owner occupied and less than 5 rooms, it would be like a home office and only require a Business Permit. Airbnbs that were larger, or had off-site owners would require a Conditional Use Permit. Ultimately the Commission did not accept this proposal so at this point evaluations are made on a case by case basis.

They did establish the definition of a Short Term Rental as a property rented for less than 30 days.

Other possible concerns about Short Term Rentals are gentrification and long term residents being pushed out, thereby squeezing housing supply.

Comments & Discussion:

One positive of Short Term Rentals is that it can provide housing diversity in a neighborhood, especially for those who may be in transition (new job, medical reasons, newly divorced single parents, etc.)

There is data that shows that Short Term Rentals typically do not increase housing prices. In some cases they may help the neighborhood because there is an incentive to fix up properties and structures that might not otherwise be improved.

Is insurance an issue? Usually not, because it is handled through the listing organization (like Airbnb) or as a rider to a homeowner's policy.

In addition to tax revenue from rentals, there is also an economic benefit to local merchants if visitors are coming in to enjoy the experience of being in the neighborhood.

What is the effect of additional inspections required by Short Term Rentals? There would be a cost. Possibly the inspections could be random audits to reduce the number required and increase effectiveness.

Occasional Rentals for events (like the LR Marathon, or the Solar Eclipse) are less of a potential issue because they have less ongoing impact.

One possible negative effect is that larger numbers of properties might be bought up by investors to focus on Short Term Rentals.

Advertising and Promotions tax collected from Short Term Rentals is currently used by LRCVB for additional promotions for the City. Could some of that revenue be used to cover the additional cost of permitting and inspections for Short Term Rentals?

Possible Issues to be Addressed by an Ordinance:

Parking should be considered. For residential properties, zoning rules promote parking to the rear or side of property. Short Term Rentals should also account for the fact that additional parking will be needed and should not put more cars parking on the street.

Rules should consider the number of units as a % of the property

Possible limits to Short Term Rentals by number of units

Possible limits to Short Term Rentals by number of nights

Consider limiting number of properties one entity can own.

Some communities have used temporary moratoriums on Short Term Rentals to control the rate of spread.

Consider neighborhood density – maybe Short Term Rentals could be limited by number per street or block.

Possibly make properties that are rented for fewer than a few weeks a year exempt from some requirements. (To allow special event rentals)

The Demographics of an area could affect the way that Short Term Rental rules might be applied. Is there a way to incorporate a demographic assessment into the process?

Please contact the Hillcrest Residents Association Preservation and Planning Committee with additional suggestions for issues to be considered in an Ordinance (c/o Bob Keltner, bkeltner@cromwell.com)
The HRA Board would like to compile a document of recommendations from the Hillcrest neighborhood that will be shared with the Little Rock City Board as they consider a City Ordinance on Short Term Rentals.