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Short-Term Rentals: Regulation and Enforcement Strategies

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Short-term rentals, home sharing, vacation rentals, Airbnb: regardless of what you call the concept, it is clear that the new sharing economy has worked its way into virtually every residential area in the country.

Short-term rentals (STRs) can be defined as the rental of all or part of a residential dwelling unit for a duration of occupancy of less than 30 days. They have raised the passions of free-market advocates who believe that the government should not regulate property rentals, as well as neighborhood activists who fear that STRs will degrade neighborhood cohesion and price out the very culture and experience visitors are venturing into neighborhoods to embrace. This conflict, as well as the challenge of attempting to regulate what is at its very core a residential occupancy, make the role of the planner critical in developing clear regulations that balance neighborhood concerns with practical limitations on how far local government can intervene in rental agreements for private property.

The City of New Orleans Department of Safety and Permits (DSP) has developed and implemented a regulatory regime that has been internationally cited as a model for balancing the inescapability of this use with the protection of neighborhoods and residents. Over the course of several years, through formal planning studies, zoning ordinance text amendments, and prolonged negotiations with listing platforms, residents, interest groups, and neighborhoods, the city developed a robust package of practical and enforceable regulations that provided the market flexibility required by private industry.

This *PAS Memo* provides a case study of New Orleans's experience with this phenomenon and offers strategies and lessons learned for planners as they navigate this highly contentious issue.

Background and History of Short-Term Rental Regulations in New Orleans

New Orleans's history with transient rentals begins far before the age of digital bookings and informs the conversations of the last several years. In the 1960s, the Vieux Carré, or French

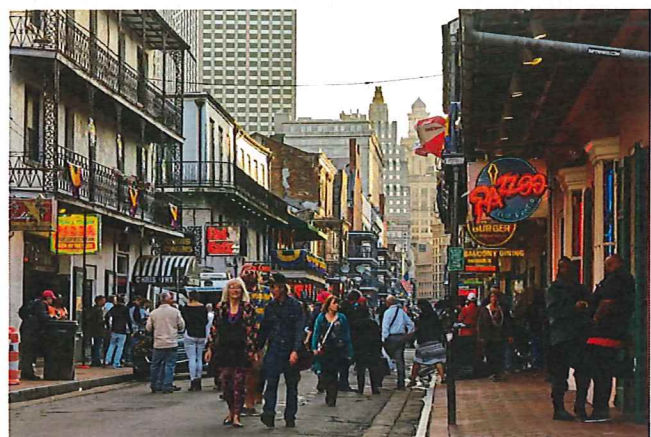


Figure 1. New Orleans's Vieux Carré (French Quarter). Flickr photo by Pedro Szekely (CC BY-SA 2.0).

Quarter, the oldest residential neighborhood in the city (Figure 1), was losing its inhabitants at an unsustainable pace. Hotel and tourism-supportive development were destroying the historic buildings that made the area attractive to tourists and pricing out the residents, businesses, and artists that created the unique nature of the neighborhood.

In 1969, a New Orleans City Council moratorium on hotel or transient lodging development in the Vieux Carré stemmed the tidal wave of hotel development and stabilized an otherwise at-risk community. This moratorium was converted to a permanent prohibition on hotel development through subsequent zoning changes. Even today the basis for opposition to tourist lodging in the Vieux Carré is still the nearly 50-year-old moratorium.

Early Attempts to Regulate Short-Term Rentals

As the nature of tourism changed through the years, residents began renting out homes or apartments during major festivals, such as Mardi Gras or the Jazz and Heritage Festival. New Orle-

ans, as a major tourism destination hosting large-scale events on an annual basis, became a laboratory of creative ways to rent property.

The practice benefitted both parties to the transaction. New Orleans residents could vacation out of town during periods of high tourist volume when many businesses temporarily close or become overwhelmed. Visitors had access to a new pool of accommodations that could host families or groups too large to share a single hotel room or afford a traditional hotel.

This very capitalistic pairing of supply and demand naturally coalesced into a local cottage industry with unintended—but certainly not unforeseen—consequences. Over time, local property owners and outside investors noticed the demand for non-hotel accommodations and began acquiring property for the sole purpose of renting to tourists. This began displacing local residents, turning once-thriving neighborhoods into seasonal entertainment venues.

To address this burgeoning concern, the New Orleans City Council adopted Ordinance 21606 M.C.S. in 2004. This strong attempt by the city council to rein in vacation rentals ordained that:

[i]t shall be unlawful for any person to knowingly offer to rent for monetary compensation for a period of less than 30 days or, in the case of premises located in the Vieux Carré District, 60 days, any living accommodations in the city if the premises offered for rent are not lawfully licensed or permitted for such use. (§54-491.1(b))

Should a property owner or lessor be prosecuted for the offense, the publication of such an offer to rent in print or electronic media would “create a rebuttable presumption that the person had knowledge of the offer to rent” (§54-491.1(d)).

At the time, the city’s comprehensive zoning ordinance contained a defined use category of “Transient Vacation Rental” that provided three primary criteria in the classification of the use:

- the property was successfully rented for periods of less than 30 days (not just advertised as such)
- the property was rented to “non-residents”
- these rentals occurred over the course of a year or longer

Transient Vacation Rentals were allowed only within the Central Business District zoning districts, not any residential or business districts.

Unfortunately, however, the construction of these laws made enforcement virtually impossible, which led to growing frustration among neighbors who believed that the city was unwilling to enforce its own regulations regarding these uses.

The language of the 2004 ordinance outlawed only the “offer to rent” a living accommodation—it did not prohibit the action of executing such a rental. Additionally, the restriction was housed within the city’s criminal code, which meant that any citation for the misdemeanor would have to be issued by the police department and the violation adjudicated by a

judge in the city’s municipal court. A second concern was the potential for a constitutional claim that the city was violating the free speech rights of property owners, because the restricted speech was not advertising a service prohibited by law.

DSP had administrative jurisdiction over the Transient Vacation Rental zoning provisions, but as noted above, the city was required to prove that rental actions of less than 30 days had physically occurred over a period of one year or longer.

Even with these limitations, in 2015 DSP chose to bring nine properties known to be in violation through its administrative adjudication process. Success would establish that DSP could build a prosecutable case under existing law where suitable documentation for violations existed and take actions against the hundreds of properties that had received complaints. However, if after years of compiling evidence, building cases, and partnering with neighbors to collect evidence the city was judged unable to meet its burden of proof in the administrative hearings, the cases would be dismissed.

A primary element of DSP’s cases was the user reviews publicly available on websites such as airbnb.com. By matching neighbor complaints and documentation against the dates provided in the published reviews, DSP was confident in its ability to adequately meet the three-pronged burden of proof for operation of a Transient Vacation Rental. Recognizing the limitations of this body of evidence, DSP concentrated its efforts on the most egregious violators for which there was significant documentation.

But the adjudication hearings were never held. Days before the scheduled hearing, one of the property owners filed for a temporary restraining order against further proceedings due to vagueness of the charges and a constitutional challenge to the city’s administrative hearings process. After several weeks of correspondence with the plaintiff’s attorney, the city agreed to suspend prosecution of the nine cases. This agreement marked the end of active enforcement efforts against alleged STRs pending a new body of law.

Developing the New Regulatory Regime

The need for an updated regulatory package was now clear. Beginning in late 2014, a rough framework of reform began to take shape. If transient vacation rentals were legalized, the regulation process would have to be understandable and transparent to inspire confidence in the community. From these guiding principles, DSP, in coordination with the City Planning Commission and community stakeholders, began to formulate a new approach to regulation.

Whatever framework emerged had to be easily enforceable with a readily demonstrable burden of proof. But before the city could create a solution, it had to understand the problem.

The Short-Term Rental Study

In response to the now-demonstrated inability of the city to administratively enforce its transient vacation rental regulatory structure, in August 2015 the New Orleans City Council directed the City Planning Commission to study the regulation of these uses.

Over the course of nearly six months, the commission solicited information from neighborhoods, industry groups, hosting platforms, peer cities, and other agencies within the city to gain a full understanding of the nature of STRs as a land use—from the regulatory issues faced by DSP, to perception and documentable issues from neighborhoods, to the projected benefits of legitimizing the use fostered by the hosting platforms. Staff held more than a dozen meetings and multiple public hearings, and over 400 written comments were submitted to the commission (Rivers 2017).

In addition to these outreach efforts, the commission embarked on a study of documentable evidence and national best practices. In evaluating the practices of cities throughout the United States to determine previous regulatory successes and failures, the study found several key points (New Orleans City Planning Commission 2016):

- these uses fall into different categories and should be regulated differently based on location and rental type
- there must be performance standards to which operators can be held responsible to ensure the stability of neighborhoods
- fees and fines must be set at the appropriate level to encourage compliance while being impactful enough to penalize illegal behavior

Based on this study, staff presented four use types to the commission for consideration before a recommendation was made to the City Council: accessory, temporary, principal residential, and commercial (Figure 2). The commission voted to remove the “principal residential” type on the concern that this would cause exactly the scenario community groups feared most—turning residences into hotels and displacing residents.

In consultation with DSP, commission staff also recommended a series of requirements and performance standards creating an easily enforceable, comprehensive list of guidelines to ensure neighborhood compatibility, guest safety, and meaningful regulatory enforcement. These standards also provided many requirements with a low burden of proof for administrative enforcement, considered key to a high rate of compliance with the new regime.

Negotiation and Policy Priorities

The city knew that not gaining buy-in from the listing platforms would be a recipe for failure. Throughout policy negotiations, only Airbnb actively engaged with the process, which created the unintended result that compliance was easier for its platform than others. However, the city would work with other platforms following launch to bring compliance as close as possible in consideration of demonstrated technical and data considerations.

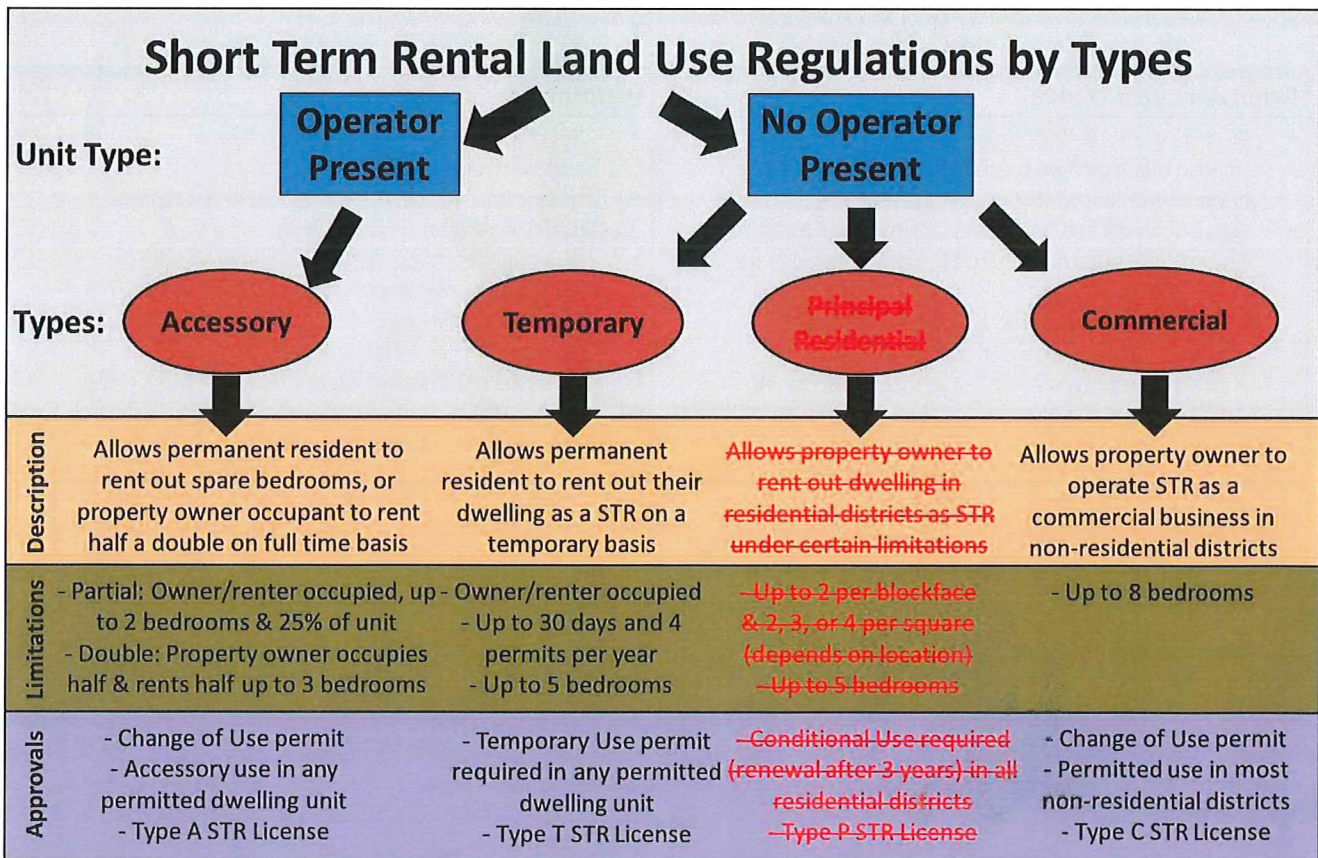


Figure 2. Short-Term Rental Types. Courtesy New Orleans City Planning Commission.

The New Regulations

The four ordinances adopted by the New Orleans City Council in 2016 established the provisions in the city code and zoning ordinance required to successfully implement the recommendations of the City Planning Commission’s study and regulate STRs in New Orleans. Ordinances 27209 and 27204 provided the framework of the enforcement regime, including easily enforceable standards to allow swift citations of property owners who did not comply with the regulations. The other two ordinances addressed taxation and investment into the city’s Housing Improvement Fund as mechanisms to turn STRs into a benefit to the communities they would be occupying.

Ordinance 27204 M.C.S. This ordinance (codified as §26-613 et seq.) established a licensing and enforcement regime, provided for a public registry of licensed STRs as well as provisions for datasharing with the listing platforms, and set fees and penalties for the program. The licensing provisions formally created three license types (accessory, temporary, and commercial) corresponding to concurrently created zoning land-use types, and provided safety and compliance standards by which DSP would evaluate applications for these licenses. To maintain a low barrier to entry into the permitting process, applicants were permitted to comply with these provisions by attestation, with DSP following up to verify compliance. Falsification or misrepresentation of any material information in the application process would result in the immediate revocation of the license.

Ordinance 27209 M.C.S. This zoning text amendment ordinance implemented the changes outlined in the city planning commission’s 2016 study. It defined the STR land use generally, as well as the specific STR subcategories (accessory, temporary, and commercial), and imposed standards and requirements for the three use types. Additionally, this ordinance amended the permitted use tables to designate where STRs would be permitted as by-right or conditional uses. Accessory STRs were permitted within any legal dwelling unit located within an owner-occupied single- or two-family dwelling (except for within the Vieux Carré). Temporary STRs would be permitted in any legal dwelling unit (except within the Vieux Carré) without consideration of owner occupancy but with a 90-night occupancy limitation. Commercial STRs would be permitted in virtually every commercial zoning district, including the Vieux Carré Entertainment District (Bourbon Street) but excluding the remainder of that neighborhood.

The standards can be broken into two primary categories (see table below). Regulatory compliance standards are black-and-white requirements for which the city can easily demonstrate noncompliance, while performance compliance standards are more subjective in nature and require a higher level of documentation to determine noncompliance.

Regulatory Compliance	Performance Compliance
<ul style="list-style-type: none"> • All short-term rentals require a license. • License placard to be prominently displayed in a manner visible from the public right-of-way. • License number to be posted on any rental listing. • Any rental listing must match the occupancy limitations of the approved license. • Any short-term rental has to have the outward appearance of a residential building. • Short-term rentals may not occupy any accessory structure, outdoor space, or recreational vehicle. 	<ul style="list-style-type: none"> • Only one party of guests is allowed in a short-term rental unit. • The number of guests may not exceed occupancy limitations stated on the license. • An in-town contact must be available to address any unruly guests or dangerous situations. • The rental shall not adversely affect the residential character of the neighborhood. • The rental shall not generate noise, vibration, odors, or other effects that unreasonably interfere with any person’s enjoyment of their residence.

Ordinance 27210 M.C.S. This ordinance imposed a \$1.00-per-night fee on STRs above the city’s standard tax structure directed to the Neighborhood Housing Improvement Fund, a limited-access fund that can be used only for community development under specific guidelines.

Ordinance 27218 M.C.S. This ordinance authorized the mayor to enter into a cooperative endeavor agreement with Airbnb, which agreed to collect and remit taxes on behalf of its users by including the required taxes and fees at the time of booking. This saved the city from creating tax accounts for every licensed property and requiring property owners to calculate and remit taxes individually. This was part of the negotiation process with the listing platform that would ease the regulatory burden on both the city and licensees—creating a “win” on both sides of the taxation transaction.

Safety & Permits Enforcement Process

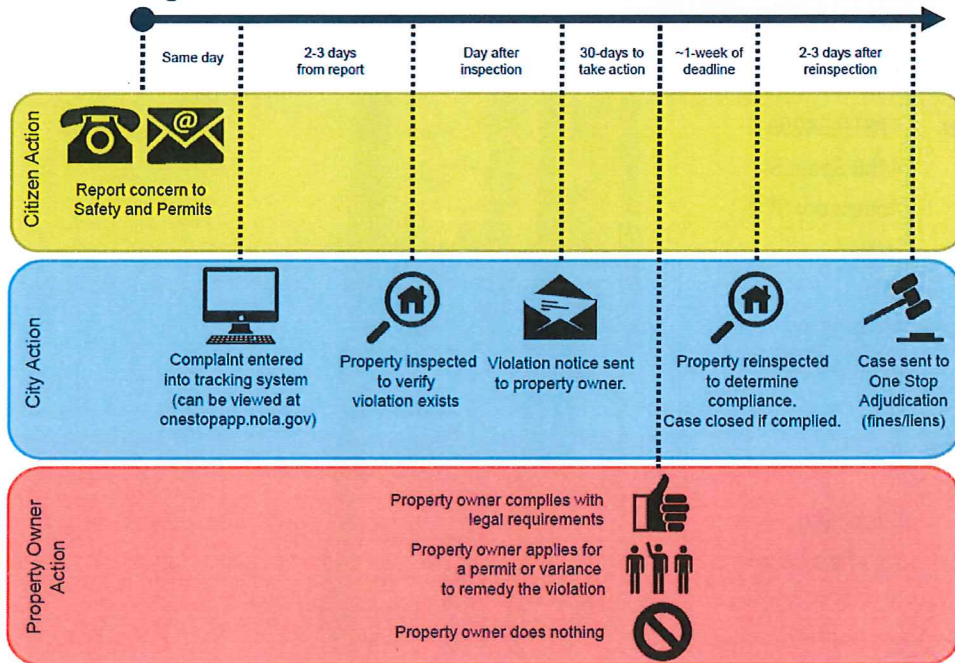


Figure 3. DSP's short-term rental enforcement process. Courtesy City of New Orleans Department of Safety and Permits.

Negotiations at this phase also took place with community leaders, city council members, and interest groups to create a structure that would be acceptable to the majority of stakeholders. Key points were appropriate annual limitations on temporary rentals, the mechanics and scope of data sharing, and the level of control platforms would have over encouraging compliance among their users.

Annual limitations on rental nights was one of the most public points of debate as the legislative process drew to a close. Type A (accessory) and Type C (commercial) licenses would have no limitations on annual rentals, but Type T (temporary) licenses would be subject to an annual cap on the number of nights the property could be rented out. STR advocates pushed for periods as long as 180 nights, while opponents, short of a ban, believed that the spirit of a “temporary” license could be satisfied with a cap of 30 nights per year (which was also the position of the commission). The city council ultimately decided to allow Type T rentals across the city with a maximum annual rental of 90 nights.

The remaining two points of negotiation, data sharing and platform assistance in overall compliance, were resolved as two sides of the same coin. The city would require data on rentals to enforce the 90-night cap on Type T licenses, and the listing platforms agreed that assistance from their side would boost user compliance with the new regulations and provide better data to track rentals, while the new standards would help ensure the safety of guests.

As part of the overall agreement, the platforms would voluntarily remove any unlicensed listings from their platform after a reasonable compliance period. The city would coordinate a pass-through registration program that would

allow applications to be filed through Airbnb’s website, then uploaded into the city’s permitting and licensing database. Additionally, Airbnb agreed to share certain anonymized data each month: a unique identifier for each listing, the number of nights rented in the last 30 days, and the total nights rented year-to-date. If additional information was required, the platform agreed to an administrative subpoena process, all of which was codified as Section 26-620 of the New Orleans City Code.

Implementation and Enforcement of STR Regulations

On December 1, 2016, the New Orleans City Council adopted four ordinances to implement the new STR program. The ordinances provided for regulation and taxation of STRs, as well as other administrative functions that aided the process (see sidebar).

As a result of the legislative action, DSP created the Short Term Rental Administration to serve as the single point of contact for the public in the licensing and enforcement process. Without this administrative office, the authority of implementation and enforcement would have been spread across several administrative units within DSP.

Building Public Confidence

As the agency responsible for licensing and enforcement, DSP knew that public confidence from day one would be critical for success. To demonstrate the city’s intention of complete transparency and full compliance, the website nola.gov/str was launched on December 2, 2016, with all available information on the program: the data available from the 2016 study, the subsequent ordinance adoption process, and approximate timelines for program benchmarks.

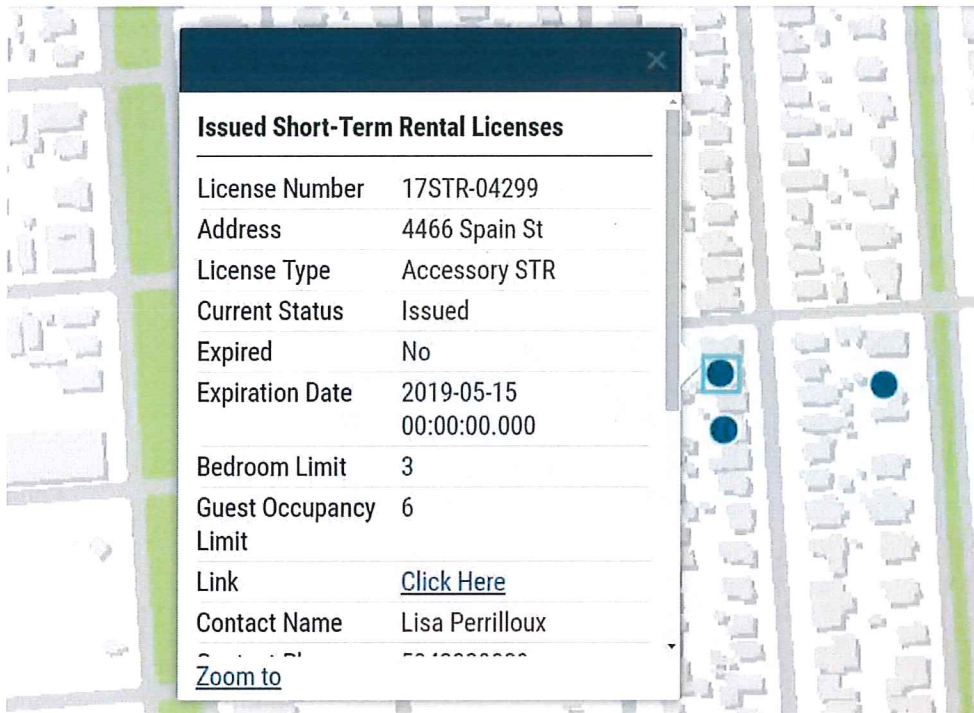


Figure 4. The city's interactive short-term rental registry and map. Courtesy City of New Orleans Department of Safety and Permits.

Within days, staff updated this website with information distilled from the adopted ordinances, simplifying the requirements and creating tables to help users understand the zoning restrictions. There were four months from adoption to the April 1, 2017, effective date to create internal and external processes for something that had never been tried before. DSP would focus its attention on three areas during this period: development of a robust internal process, transparency in process and enforcement, and development of a strong enforcement presence.

Development of Internal Processes

Internal processes were the first focus. Database configuration started early in the legislative process, which then allowed DSP to focus on other areas of internal process standardization: the pass-through connection from the city's database to Airbnb, a comprehensive analysis of license application workflow, and development of the enforcement regime that would be implemented.

Ultimately, the pass-through process was not a panacea of compliance as many hoped. Staff required information for license processing beyond that needed by the listing platform, so separate correspondence with every applicant was still required, and every applicant had to return to the city's permitting and licensing portal (onestopapp.nola.gov) to pay for the license prior to issuance.

A license application workflow needed to be developed and standardized. The expectation of a same-day turnaround, paired with the need to streamline the process to the furthest extent possible for pass-through integration, led DSP to reimagine a number of internal processes and ways staff could be cross-trained to address peak workloads. Printed and digital forms had to balance information that the average applicant

would have available against whether the city was capturing all necessary data in the license review process.

This same level of creativity became necessary in developing enforcement protocols. The new regulations required a methodology for how staff would collect data, record violations, and build cases (Figure 3, p. 5). DSP could then use that standardization to set community expectations for enforcement action.

Transparency in Process and Enforcement

The commitment to providing all available information to the public in an easily digestible format remained the policy of DSP. A public-facing portal for its permitting and licensing database (onestopapp.nola.gov) that allows users to search for activity on a given property in real time was made easily searchable for STR license approvals or enforcement cases.

The ordinances took transparency one step farther in requiring publication of a list of all STR licenses, along with the property address, license holder name, and the contact information for the responsible party. This allows a neighbor to contact someone about a problem with a rental. To fulfill this requirement, DSP coordinated with the city's Office of Information Technology to develop an interactive *STR registry and map*. This tool allows users not only to search by name or property address, but also to see all license applications on a map of the city (Figure 4).

During this time, DSP leadership participated in numerous neighborhood meetings to outline the process, regulations, guidelines, and enforcement strategies. The focus was on implementing a program that would succeed and deliver on the promise that was made to the council and, more importantly, the community.

City of New Orleans
Department of Safety & Permits
Short Term Rental Administration

Field Warning

Location: _____

Date: _____ Time: _____

This notification is intended to inform the owner/operator of this premises of failure to comply with the City's Short Term Rental requirements. Legislation and information on Short Term Rentals in New Orleans is available at www.nola.gov/str

This property has been reported as an operating short term rental, but our records indicate no application on file.

This property is registered as a licensed short term rental, but no license is posted.

This property is licensed as a Short Term Rental, but we have received a complaint of excessive:

- Noise
- Vibration
- Glare
- Odors
- Other effects

Which unreasonably interferes with neighbors enjoyment of their residence.

This property is registered as a licensed short term rental, and there have been reports of unpermitted commercial or social events that may result in license revocation.

This property has a license posted, but our records indicate that the license was issued for a different location/address.

This property has been reported as an operating short term rental, but is located in a portion of the French Quarter where Short Term Rentals are prohibited.

Please contact the Short Term Rental Administration at 504-658-7144 or str@nola.gov for additional information. A formal violation letter will also be mailed to the owner of record within the week to initiate adjudication procedures.

City of New Orleans
Department of Safety & Permits
Short Term Rental Administration

Figure 5. Field warning tags to flag short-term rental noncompliance. Courtesy City of New Orleans Department of Safety and Permits.

Importance of a Strong Enforcement Presence

DSP needed to assure doubtful residents that enforcement would be both proactive and responsive. To that end, the agency took two new simple, cost-effective actions.

First, DSP developed “field warning” tags to post on STR properties where a violation was believed to have occurred (Figure 5). These were simple half-sheet forms with checkboxes for common violation types, allowing an inspector to post a notice to the property owner on the spot and document the posting via photograph. But most importantly, these documents are hot pink and unmistakable as a “scarlet letter” of STR noncompliance to show neighbors that inspectors were on the job.

The second action was to brand DSP’s vehicles as such. Prior to 2017, all DSP vehicles were tagged as city vehicles, but these markings did not indicate to which department the vehicle belonged. Residents wanted DSP to work into the evenings and late at night during major events to maintain compliance

with the STR performance standards provided in the city code. Based on these community concerns, vehicles were branded as “Department of Safety & Permits” to provide a level of visibility critical to maintaining the confidence of neighbors in the overall regulatory regime.

One last key element of the city’s STR regulations is based on a long-standing provision of the building code that authorizes termination of utility services if a property is found to be in violation of the zoning ordinance. To eliminate any potential challenge to the use of these provisions, the enabling legislation for the licensing regime explicitly states that discontinuance of electrical service is an appropriate penalty for violation of the licensing provisions (**\$26-618**).

Within four months of program launch, the Short Term Rental Administration sought its first utility disconnect order against a property owner in the Vieux Carré who would not remove online listings or stop using the property as a STR. The city’s utility provider terminated electrical service to the dwelling, and from that point compliance was swift and the property was soon sold.

Status of STR Administration After Year One

The STR program in New Orleans celebrated its first anniversary on April 1, 2018, and DSP is proud of the success achieved in the implementation of the program.

In the first 12 months, the Short Term Rental Administration reviewed more than 8,000 applications and issued 4,477 licenses (Figure 6). This generated \$979,274 in permit fees, exceeding expectations and completely covering the administrative costs of the program. Based on the 2016 study’s estimate of 4,000–5,000 STRs operating in New Orleans and the number of licens-

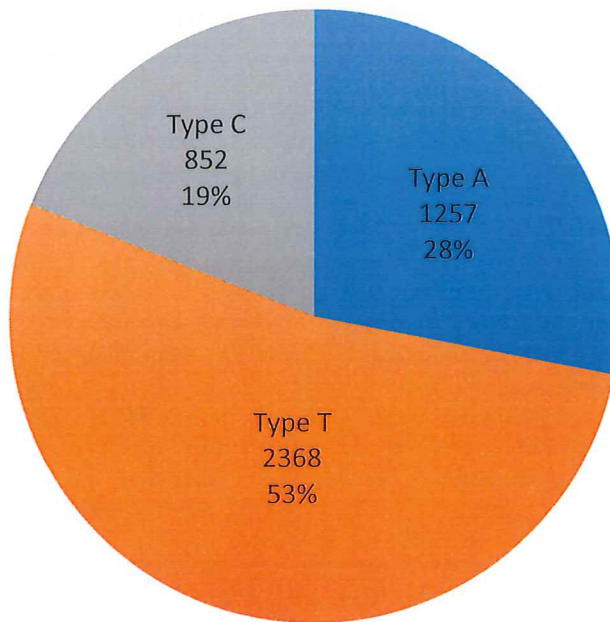


Figure 6. Breakdown of STR licenses by rental type. Courtesy City of New Orleans Department of Safety and Permits.

es issued during the first year of program implementation, DSP believes the compliance rate is in the high 90 percent range.

In terms of enforcement activities, DSP opened 1,719 violation cases between January 1, 2017, and April 1, 2018, from which 280 administrative hearings were held and \$268,538 in total fines assessed.

The mechanisms for identifying and enforcing rentals in prohibited zones and licensing requirements were successful, but challenges remained. Type T rentals made up the largest share of licenses issued, but also proved to be the most problematic from both a regulatory and neighborhood perspective. This became the single largest liability to the program.

Key to administering the Type T license was the ability of the city to monitor and enforce compliance on the 90-night annual rental cap provided in the adopted regulations. While the listing platforms initially represented that they would be supportive of the licensing program and provide the necessary information to DSP, both Airbnb and HomeAway subsequently declined to provide complete rental documentation based on their interpretation of the Stored Communications Act (see sidebar). As a result, while monthly reports could tell the enforcement team how many nights all STRs were rented, those

numbers were not tied to specific properties or listings to allow meaningful, consistent enforcement action.

Because of the problems caused by the Type T STRs, the public was not completely satisfied with the initial iteration of the STR program. While the city was proud of the overall success rate in terms of registration and enforcement effectiveness, the inability to effectively police the annual rental cap led to a public pushback against elected officials who were viewed as being nonresponsive to this inability.

Implemented and Proposed Changes to the Program

The city's municipal elections were held in the fall of 2017, and STRs featured prominently in city council campaigns. Of the three district councilmembers running for reelection, the only one reelected was the sole councilmember to vote against the STR regulations. The new city council came into office with a clear intention of revisiting the regulatory regime.

During the transition period, then-Councilmember LaToya Cantrell (now mayor) initiated two separate actions that would lay the foundation for updating the city's STR regulations. The first was the proposal and ultimate adoption of a zoning text amendment to require conditional use approval for some STRs

The Stored Communications Act and Its Effect on STR Enforcement

As planners negotiate the regulatory and enforcement balance of STR program development, the city or county legal team should be consulted in the early stages of the process about the Stored Communications Act (SCA), an element of the Electronic Communications Privacy Act of 1986 intended to ensure the privacy of electronic records created by a company about its customers. If communities are developing local regulations reliant on data sharing by hosting platforms, they must be aware of the SCA and ensure the proper provisions are in place to minimize its impact on STR enforcement efforts.

New Orleans's data-sharing provision within the new licensing regime required routine reporting of basic rental information to help the city monitor compliance with the 90-night rental limitation for Type T rentals. Key to the effectiveness of this agreement was the provision for issuance of administrative subpoenas to get specific user data based on potential violations identified based on the anonymized data being provided on a monthly basis. While the hosting platforms suggested the administrative subpoena provisions during regulatory negotiation, once these subpoena were issued they became less-than-willing partners in providing the necessary data to match anonymized data to specific properties or licenses.

Under the SCA, platforms have to provide any requested data subject to either a subpoena issued by a court or an administrative subpoena authorized by federal or state statute. In the case of New Orleans, the subpoena authority under which DSP requested this information was the city's home rule charter, which is enabled by the Louisiana Constitution. However, the hosting platforms deemed this insufficient to turn over

anything more than "basic subscriber information" as provided by the SCA and subsequent jurisprudence. (There is currently no legal consensus on how the SCA should be applied to listing platforms.)

The "basic subscriber information" provided illustrates how difficult Internet regulation can be, particularly for a local government. To fill in the gap between specific property and anonymized identification number, HomeAway and Airbnb provided the first and last name of the account holder and their user identification number, email address, and telephone number—but not the license number issued by the city associated with the listing or the property address. As a result, city staff needed to match names, email addresses, and telephone numbers with over 4,000 issued licenses. This highlighted one problem that DSP had not planned for: licenses issued to property owners but listings posted or managed by a third party.

In revisiting the 2016 regulatory structure, deficiency in data production was one of the primary concerns. Had the city been aware of the industry's use of the SCA as a shield against providing the information required to properly implement and enforce the proposed program, the regulations as initially adopted would have likely looked quite a bit different. This would have likely ranged from creating a licensee-reporting requirement to elimination of the Type T license entirely. What is certain is that the changes being evaluated by the city planning commission and the city council in 2018 are keeping the SCA in the forefront as they evaluate how best to modify the STR licensing regime to ensure compliance and enforceability.

in the city's historic urban core business districts. This change was made in response to the concerns of neighbors that structures containing apartments were being converted into "hotels" in otherwise neighborhood-scale commercial corridors. The second action directed the City Planning Commission to conduct a full study of the new STR regulatory regime.

When the new city council took office in May 2018, it wasted no time in delivering on the promises made to its constituents. At the second meeting of the new term, the council adopted Motion M-18-195: a partial moratorium on new STR licenses with a full prohibition on Type T STR licenses in the historic areas of the city, the central business district, and mixed use districts, and a prohibition of new Type C STR licenses on the first floor of mixed use buildings, though they would remain permitted on upper floors. This moratorium was scheduled to last nine months while the commission completed its study and the city's regulations were updated.

The commission completed its updated study in early October 2018 (New Orleans City Planning Commission 2018). While the study makes several recommendations, the most substantial is the elimination of the problematic Type T STRs. Type C STRs would carry on, but the Type A STRs would be redefined to cover nearly any owner-occupied property. A new third type of license, valid for special events only, would allow owners or rental tenants to rent out a permanently occupied dwelling unit for not more than 14 days per year. At the time of writing, the city council has not yet taken action on the report, but it is likely that that will do so within the next several months.

Lessons Learned

STRs are a planning challenge: they are residential units by design but can act like hotels in their impact on a community. A proliferation of these uses—particularly in tourism-heavy cities—can lead to significantly increased housing costs and begin to price out actual residents in favor of residents for-a-day. New Orleans's experience in studying and regulating STRs highlights several key considerations in dealing with this issue.

Ensure that regulations are clear and enforceable. In developing the STR regulations, planning staff worked closely with DSP to ensure that enforcement was based on the information likely to be available. Compliance is easily provable for regulations such as requiring a license and requiring that license to be posted. Some STR regulations lie in more of a gray area, such as nuisance prohibitions, but with rigid enforcement standards and vigilant neighbors these have also proved enforceable.

Partner with listing platforms when possible. Partnerships can either be formal or informal, but platform buy-in helps ensure consistent communication on regulatory requirements and may aid in enforcement. The city's data-sharing agreement with Airbnb allowed DSP to coordinate actions to de-list unlicensed properties posting on that platform. While this was not a complete solution to illegal rentals, it greatly improved compliance rates throughout the city and helped stop rental listings in the Vieux Carré.

Recognize your limitations. Initially, residents and councilmembers pushed to regulate STR listing platforms in the same way that DSP regulates transportation network companies (TNCs). Where the city has the authority to regulate TNCs due to the long-standing regulation of vehicles-for-hire, that level of regulatory authority was not possible for dwellings, where state law prohibits local governments from regulating contractual transactions relative to real property. To address this lack of direct regulatory authority, the city negotiated data sharing to the extent possible and crafted regulations that could withstand legal scrutiny.

Coordinate STR policy making with policies surrounding affordable housing. While New Orleans began to take this approach by requiring contributions to the City's Neighborhood Housing Improvement Fund, there was no consistent strategy for the investment of those fees. A combination of this and the proliferation of Type T STRs had the effect of pricing out long-time residents and artificially inflating property values due to the expectation of return on investment.

Conclusion

During 2017, the City of New Orleans became a model for STR regulatory compliance across the nation. Thanks to data sharing and some regulatory assistance from Airbnb, DSP was able to successfully license nearly 5,000 short-term rentals. This represents a compliance rate above 90 percent in less than one year, while many peer cities struggle to reach a 20 percent compliance rate after one year.

While the city was proud of this achievement, it understood that the regulatory regime would need to be revisited after the first year to evaluate neighborhood impacts and overall compliance—and indeed, regulatory enforcement proved more difficult, especially for the Type T temporary STR licenses. The city hopes to resume enforcement of licensing standards in cooperation with listing platforms as this regulatory revision comes to a close.

Just as New Orleans is now revisiting the initial regulatory structure to respond to changing dynamics of the industry and public sentiments, planners will need to be prepared to continually address issues like STRs for years to come. There is no formula which can be applied across every jurisdiction to address the impacts of the use and the concerns of residents. Rather, it is our job to understand the implications of decision making, continually observe the effects of those decisions, and recommend change when necessary—recognizing that maybe we were wrong the first time.

Regulation of emerging technologies is not new to planners, and STRs will not be the last challenge of this sort we face as practitioners. Combining best practices and lessons learned in New Orleans can help communities across the country develop and implement regulatory structures that will adapt to emerging technologies and industries while also protecting residents and the stability of communities.

About the Author

Jared E. Munster, PHD, AICP, was the director of the Department of Safety and Permits for the City of New Orleans from No-

vember 2012 through June 2018 and worked closely with the City Planning Commission, City Council, and the Landrieu and Cantrell administrations in shaping the regulatory and enforcement processes of the New Orleans Short Term Rental Program. Munster holds an undergraduate degree in urban studies and planning, a master's degree in urban and regional planning, and a PhD in urban studies from the University of New Orleans. He is also a certified floodplain manager and is presently serving as the interim executive director of the Regional Transit Authority of New Orleans.

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