## Short Term Rentals Permits, Licenses & Enforcement

#### Short Term Rental Webinar

- Short Term Rental (*STR*) describes the practice of renting a house, apartment or condominium for short stays (*less than thirty (30) consecutive days*).
- STR's are typically advertised on platforms like Airbnb and are seen as alternatives to traditional hotels.
- This webinar will focus on the license and permit requirements for STR properties.

#### Short Term Rental Webinar



#### Short Term Rental Webinar

- Use the Q&A feature to ask questions.
- Please keep questions general no address-specific questions.
- Presentation will be shared and posted on the website.
- Coming Soon We will be adding a recorded version of this presentation to YouTube!

About L&I

#### What Does L&I Do?

The Department of Licenses and Inspections (*L&I*) enforces the City of Philadelphia's construction, fire, zoning, business compliance and property maintenance codes through the issuance of licenses and permits and through building and property inspections.

Contractors, business and property owners, landlords, and tenants are all served by L&I.



#### What Does L&I Do?

As part of our mission, we:

- Review building plans and applications and issue permits in accordance with the City's construction and zoning codes.
- Inspect construction projects for code (Building, Plumbing and Electrical) compliance.
- Inspect higher-risk properties for compliance with the Fire Code.
- Respond to complaints regarding suspected Property Maintenance Code, Fire Code and Business Compliance violations.
- Inspect, monitor, seal, and demolish vacant and/or dangerous buildings.
- Issue trade and business licenses, including rental property licenses.
- Help landlords and tenants understand their responsibilities.

### Divisions of L&I

Office of the Chief Code Engineer	• Interprets and provides guidance regarding the Philadelphia Code to internal and external partners.
License & Permit Services	Issues licenses, permits, and certificates.
Building Safety	<ul> <li>Construction inspections</li> <li>Code enforcement inspections</li> <li>L&amp;I's demolition program</li> <li>Emergency response</li> <li>Vending laws</li> </ul>
Administration	Budget, HR, Technology, Training, etc.
Enforcement	<ul> <li>Manages L&amp;I's involvement in advancing violations cases to court.</li> <li>Cleans and seals open and vacant properties.</li> <li>Investigates nuisance properties.</li> </ul>
Audits & Investigations	<ul> <li>Monitors proper licensing of contractors and safety certifications of workers at construction sites and investigates unlawful contractor practices and recommends sanctions.</li> </ul>

#### Transparency

One of L&I's core values is transparency. The resources below can be used by the public to access L&I related information and records.

Atlas	<ul> <li><u>https://atlas.phila.gov/</u></li> <li>History of permits, licenses, inspections, and appeals at any address</li> <li>Access zoning information at any address (district, overlays, and archives)</li> </ul>
L&I's Website	<ul> <li><u>https://www.phila.gov/Ll</u></li> <li>Detailed descriptions of our services, permit status tracker, access to eCLIPSE, newsletters, FAQs, etc.</li> </ul>
Open Data	<ul> <li><u>https://www.opendataphilly.org/</u></li> <li>Download searchable data sets for permits, licenses, appeals, etc.</li> <li>Data can be sorted by council district, census tract, date, status etc.</li> </ul>

# Short Term Rental Legislation

### Legislation

#### Prior to July 2015

- Short Term Rentals were not defined by the zoning code.
- Per 14-601(1)(e)(.4), permit applications for undefined uses shall be denied by L&I.

#### July 2015 – 2021/2022\*

- <u>Bill No 150441-A</u> defined "Limited Lodging" in the Zoning Code and created two categories:
  - Short Term Limited Lodging: Rent 1-90 days per years (no permit required)
  - Limited Lodging Home: Rent 91-180 days per year (zoning permit required)
  - Limited Lodging, by definition, accessory to a dwelling.

#### 2021/2022\* - Present

- <u>Bill No 210081</u> removed time limits associated with Limited Lodging and created two new licenses:
  - 1. Limited Lodging Operator License
  - 2. Limited Lodging and Hotels Booking Agent License.

\* <u>Bill No 210081</u> became effective over the course of several months between 2021 and 2022.

#### Terms

#### Short Term Rental (STR)

• Renting a unit for 30 consecutive days or less.

#### Limited Lodging (14-604(13))

• Accommodation of visitors conducted by the primary resident of the dwelling unit, the main use of which is for household living, for no more than thirty (30) consecutive days.

#### imited Lodging Operator License

• License required to offer limited lodging within your primary residence.

#### Limited Lodging and Hotels Booking Agent License

• License required to make reservations or collect payment for hotel accommodations or on behalf of a limited lodging operator. Examples: Airbnb, Expedia



#### Visitor Accommodations

- This is the term that the Philadelphia Zoning Code uses for hotels, motels, etc.
- Uses that provide temporary lodging for fewer than 30 days where rents are charged by the day or by the week or portion thereof.

#### **Rental License (Hotel)**

• License required for any property that meets the definition of Visitor Accommodations.

#### Primary Resident

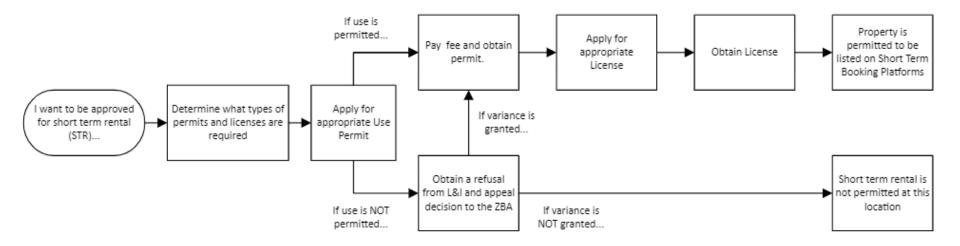
- A natural person who owns and lives in the dwelling unit, or
- A renter (a) who is a natural person and lives in the dwelling unit as the renter's primary domicile for more than half of the year and (b) who is authorized in writing by the owner to provide limited lodging.

## Approval Process Overview

## **Approval Process Overview**

- In order to use a unit for STR, a minimum of two (2) approvals from L&I are required:
  - <u>A Zoning Permit</u>
  - o <u>A License</u>
- The zoning permit must be obtained before the license.
- If the use is "by right", the approval process can be relatively quick.
- If the use requires a variance or special exception (*i.e. not "by-right"*) the approval process can take several months.
  - Requires meeting w/ Registered Community Organization (RCO) and public hearing.
  - No guarantee that a variance will be granted.

#### **Approval Process Flow Chart**



Permits

### Which Use Should I Apply For?

- First step in operating a STR unit is obtaining a zoning permit.
- STR's fall into one of two use categories:
  - Limited Lodging (Section 14-604(13))
  - Visitor Accommodation (Section 14-601(7)(n))
- The factor that will determine which zoning permit is appropriate is whether a *primary resident lives in the unit.* 
  - $_{\circ}$  The unit has a primary resident  $\rightarrow$  The use is Limited Lodging
  - $_{\circ}$  The unit does not have a primary resident ightarrow The use is Visitor Accommodation
- Limited Lodging is an accessory use. The use is accessory to Household Living (*Single-, Two-, or Multi-Family*).

#### Additional Standards of Limited Lodging

The zoning code sets additional standards for properties used as Limited Lodging (<u>14-604(13)(b)</u>).

These standards include but are not limited to:

- Limited lodging must be accessory to a dwelling unit.
- The unit shall not to allow for more than 3 unrelated persons.
- Limited lodging may not adversely affect the residential character of the neighborhood.
- Limited lodging may not generate noise, vibration, glare, odors.
- Guests of lodgers are only allowed between 8 am and 12 am.
- Lodgers must be notified of the trash and recycle collection days for the property.

#### What is a Primary Resident?

A primary resident is:

- A natural person who owns and lives in the dwelling unit; or
- A renter (a) who is a natural person and lives in the dwelling unit as the renter's primary domicile for more than half of the year and (b) who is authorized in writing by the owner to provide limited lodging.

Note: The zoning code allows renters to obtain a permit for Limited Lodging if they are the primary resident, however per Section <u>9-3909(2)</u>, a renter may not obtain the license required to operate, if the property is in the <u>10<sup>th</sup> Councilmanic District</u>.

#### Is the Use Permitted?

- Limited Lodging is permitted as a use accessory to Household Living (*Single-, Two-, or Multi-Family*). Except as follows:
  - Limited Lodging is prohibited in the /SMH Overlay District (<u>14-527(2)(c)</u>)
  - Limited Lodging is not permitted in the 10<sup>th</sup> Councilmanic District unless the operator owns the property (<u>9-3909(2)</u>)
- Visitor Accommodation is not permitted as widely in the city. It is primarily permitted in commercial areas and more densely populated residential areas, like Center City.
- To determine if your property can obtain a by-right permit for Visitor Accommodations, use the <u>Zoning Summary Generator</u>.

### How Do I Apply For a Zoning Permit?

- <u>Zoning permits</u> can be applied for online through <u>eCLIPSE</u> or in person, by appointment, at the Municipal Services Building.
- The proposed use should be clearly identified on the permit application.
  - Instead of saying "I want to rent my house on Airbnb" the application should say "permit for Limited Lodging" or "permit for Visitor Accommodations."
  - If there are multiple units on the property, the application should state which unit(s) the application is for.
- If applying for Limited Lodging, the applicant must also submit:
  - Proof of residency demonstrated through a PA or Municipal ID card.
  - Renters must provide a copy of their lease and written authorization from the owner for short-term rental

### **Zoning Permit Summary**

- A zoning permit is required for STR.
  - If the unit <u>has a primary resident</u>, a zoning permit for **Limited Lodging** is required.
  - If the unit <u>does not have a primary resident</u>, a zoning permit for **Visitor Accommodation** is required.
- Permit fee is \$174 for each permitted use on the application.
- A zoning permit is a prerequisite to obtaining a license for this activity.
- Once a zoning permit is obtained, and the use is established, it does not expire or need to be renewed.

#### What if the Use is Not Permitted?

- If the use is not permitted, L&I will deny the application (*e.g. issue a refusal or referral*).
- The applicant will have the opportunity to appeal that decision to the <u>Zoning</u> <u>Board of Adjustments (*ZBA*)</u>.
- As part of this process, a sign must be posted at the property to notify the community of the upcoming hearing and the applicant must also meet with the RCO.
- This appeal process can take several months and there is no guarantee that a variance will be granted.

### **Building Permit Requirements**

- In addition to a zoning permit, a <u>building permit</u> may be required. If it is required, it must be obtained prior to occupancy or alterations.
- A building permit is required if alterations are proposed or if the occupancy category, as defined by the IBC, is changing.
- For a more detailed analysis of when a building permit may be required, refer to the <u>Short-Term</u> <u>Rental FAQ</u>.
- If you are unsure if a building permit is required, ask L&I!





#### Which License is Required?

- In order to operate a STR you need one of two licenses.
- A <u>zoning permit</u> is required as a prerequisite of obtaining a license.
- The zoning permit that was obtained will determine which license is appropriate:

Zoning Permit	Required License
Limited Lodging	Limited Lodging Operator License
Visitor Accommodations	Rental License (Hotel)

### Limited Lodging Operator License

- A Limited Lodging Operator License is required to rent your primary residence or a room in it for <u>30 consecutive days or</u> <u>less</u>.
- Property must be owned by a natural person or leased by a natural person (*except in 10<sup>th</sup> council district*). An owner cannot enter into a lease with themselves.
- An owner can only obtain this license for a single home or dwelling within the City.



### **Limited Lodging Operator License**

- Owners must certify that they are following <u>rules related to lead safety</u>.
  - A lead certification or proof of exemption must be submitted through the <u>Lead and</u> <u>Healthy Homes Program</u>.
- The property must be zoned for limited lodging.
- Licensee must be current on all City of Philadelphia taxes.
- The property may not have outstanding L&I violations.

### Limited Lodging Operator License

- All bookings must be made through a Licensed Limited Lodging and Hotels Booking Agent.
- The Operator's License number must be included in all advertisements for the property.
- A <u>Limited Lodging Operator License</u> can be applied for online through <u>eCLIPSE</u> or in person, by <u>appointment</u>, at the Municipal Services Building.
- License Fee is \$150. The License must be renewed annually.
- If the license is renewed more than 60 days after the due date, the licensee will be charged 1.5% of the license fee for each month since the license expired.

#### **Rental License (Hotel)**

- A Rental License for a Hotel use is required to rent a unit that does not have a primary resident for 30 consecutive days or less.
- Owners must certify that they are following <u>rules related to lead safety</u>.
  - A lead certification or proof of exemption must be submitted through the <u>Lead</u> and <u>Healthy Homes Program</u>.
- $_{\circ}~$  The property must be zoned for visitor accommodations.
- Licensee must be current on all City of Philadelphia taxes.
- The property may not have outstanding L&I violations.

### Rental License (Hotel)

- All bookings must be made through a Licensed Limited Lodging and Hotels Booking Agent.
- A <u>Rental License</u> for a Hotel can be applied for online through <u>eCLIPSE</u> or in person, by <u>appointment</u>, at the Municipal Services Building.
- License Fee is \$63/unit. The License must be renewed annually.
- If the license is renewed more than 60 days after the due date, the licensee will be charged 1.5% of the license fee for each month since the license expired.

### Example

	Unit A	Unit B				
Description of Use	Owner's primary residence	STR with no primary residence				
Zaping Darmit Dagwirad	Unit A is considered one household living unit	Unit B is considered visitor accommodations				
Zoning Permit Required	The zoning permit required for One Family Household Living (Unit A and Visitor Accommodations (Unit B)					
License(s) Required	N/A	Unit B requires a Rental License (Hotel)				

## Enforcement

#### Enforcement

- In addition to issuing the <u>zoning permit</u> and <u>licenses</u> required for STR, L&I is charged with enforcing this law.
- Licensed Limited Lodging and Hotels
   Booking Agent (*e.g. Airbnb, Expedia*) are
   required to provide quarterly reports to L&I
   which are used to ensure only licensed
   properties are listed.





### Enforcement

- If a booking agent is notified that a unit is not properly licensed, they are required to remove the listing within five business days.
- L&I began notifying booking agents of unlicensed short-term rental properties in July 2023.
- <u>311</u> can be used to report unlicensed listings.
- 911 should be called for emergencies.

#### How to Find Permit and License Records

- Visit <u>atlas.phila.gov</u>.
- $_{\circ}~$  Search the address of the property.
- Click "Licenses & Inspections" Tab.
- Review Permits and Licenses issued to that address.
  - Applications that are under review are <u>not</u> shown on Atlas.



#### How to Find Permit and License Records

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### Tips for Submitting a Complaint to 311

- Complaints about unlicensed or unpermitted properties can be submitted to 311.
- L&I reviews and investigates every 311-complaint directed to us.
- Details provided in your complaint can assist L&I. Be specific!
  - Is activity happening during a specific time of day?
  - Do you have a photo of the violation? (*Photos can be submitted through the 311 app*)
  - Does the inspector need specific direction to witness the violation?
- L&I can only take action if the inspector witnesses that the Philadelphia Code is being violated.

#### Short Term Rental Complaints

- L&I always encourages complaints to be submitted via 311 but it is important to remember that L&I's enforcement for STR is proactive.
  - Booking Agent (*e.g. Airbnb, Expedia*) are required to provide quarterly reports which L&I compares against license records.
- Complaints related to criminal activity at STR units should be directed to 911!

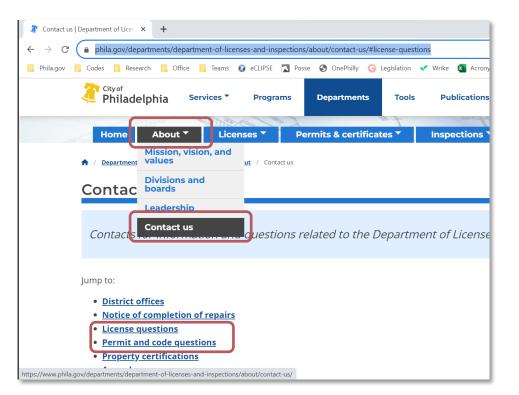




- <u>Short-Term Rental FAQ</u> Outlines the permits and licenses that an operator is required to obtain for short-term rental.
- <u>Zoning Summary Generator</u> Can be used to determine if uses are by-right at a specific address.
- <u>L&I's website</u> includes general information about permitting and licensing.
   Some specific service pages to review include:
  - <u>Rent your property (short-term)</u>, <u>Get a Zoning Permit</u>, <u>Get a Limited Lodging Operator</u> <u>License</u>, <u>Get a Rental License</u>
- To submit specific permit or license questions, you can use the online form: www.phila.gov/Ll/get-help.

### **Contacting L&I**

- L&I's website has multiple resources for contacting the department.
- Hover over "About" then click
   "Contact Us"
- You can submit questions or schedule appointments



#### **L&I** Newsletter

- Stay up to date with L&I related updates by signing up for our newsletter.
- Go to L&I's website (*www.phila.gov/LI*) and click on "Learn More".

#### L&I monthly newsletter

Our newsletter keeps you up-to-date on permits, licenses, and more. Sign up to get new issues every month, or read archived issues online.

LEARN MORE



To build and sustain a safer Philadelphia, L&I embraces best practices in technology and customer service. We enable the public to access information, secure required approvals, and comply with building safety requirements in a convenient, reliable, and transparent manner.

L&I achieves code compliance through collaboration, education, and effective enforcement measures that hold businesses, contractors, and property owners accountable.