

HB 523

Preempt Local Control Regarding Short-Term Rentals

Background:

House Bill 523 (Rep. Kasey Carpenter) would preempt local control over most aspects of short-term property rentals (STRs), including overturning existing local regulations that have been developed by counties and cities through extensive public hearings to take into account the interests of all interested parties: the STR property owners, neighbors, and other businesses that operate in the lodging arena (bed & breakfasts, hotels, motels).

Talking Points:

In particular, HB 523 does the following:

- Prohibits local governments from adopting regulations that specifically apply to rental properties (short-term or long-term)
- Prohibits local governments from adopting any mechanism to register or track STR properties
- Only allows local governments to apply generic codes (noise ordinances, etc.) and prohibits regulations tailored to address the unique issues posed by STRs
- Defines a “residence” – which can be used for STR purposes – to include “any unit or group of units in a condominium, apartment building, cooperative, or timeshare” – meaning entire buildings/developments can be devoted to STR use without any local say

The Facts:

- This topic has been the subject of two General Assembly study committees (2015 and 2018), both of which recognized the complexity of the topic and differing local circumstances
- 1.1 million guests stayed in Georgia via Airbnb alone (2018)
- The number of STR properties grew nationally by 800% between 2011 and 2017

LOCAL GOVERNMENTS SHOULD RETAIN THE POWER TO ADDRESS STRS DIFFERENTLY FROM OTHER HOUSING:

- Different communities have different concerns -- isolated cabins in Rabun County present different issues from large “party house” rentals in subdivisions on Lake Oconee or Lanier or along the coast. HB 523 would prohibit local solutions tailored to local problems.
- “Normal” code enforcement is not effective in the STR context:
 - Short-term renters may not always know (or care about) local rules, resulting in public safety risks, noise issues, trash, and parking problems for nearby residents.
 - Most local governments do not have 24-hour code enforcement personnel, while most STR problems/complaints occur in the evenings and weekends. Increasing personnel to respond to STR issues could not be charged to STR properties under HB 523; rather, that cost would fall on all taxpayers.
 - Issuing code citations for noise violations, etc. to short-term guests is ineffective. Those guests leave the state, and local governments do not have the resources to track down and pursue citations/fines against those guests.
 - These unique problems, coupled with limited enforcement mechanisms under HB 523, will increase tension or hostility between short-term landlords and their neighbors. Of course, with STRs increasingly being owned by absentee landlords as pure investments, those STR landlords have even less incentive to care about impacts on neighbors.
 - State preemptions (such as HB 523) preventing local governments from identifying STR properties will similarly prevent local governments from seeking to hold STR owners responsible for guest code violations.
- In addition to their constitutional authority over zoning and planning, counties and cities are required by state law to develop comprehensive plans addressing issues including “to ensure that residents of the state have access to adequate and affordable housing”. However, the preemptions of HB 523 directly conflict with this existing mandate:
 - Each residential property that becomes an STR decreases the supply of long-term housing options and thereby makes those other housing options less affordable. A 2020 study by the National Bureau of Economic Research shows that increases in STR listings directly result in higher rents for other neighborhood properties.
https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3006832
 - According to the National Association of Realtors, “[I]n some communities, short-term rentals are exacerbating efforts to ensure housing is affordable for the folks who live locally.... In fact, rental rates for long-term residents appear to be rising faster in neighborhoods where short-term rentals are most prevalent.”
<https://homeownershipmatters.realtor/issues/short-term-rentals-impact-neighborhood/>
2/14/20202/14/2020
- Large STRs – the party houses and entire “apartment buildings” as allowed by HB 523 – would effectively operate as mini-hotels, but without the many public safety and health requirements that traditional hotels and motels must follow.