

Mayor and Council WORK SESSION October 23, 2018 Agenda

*"A diverse, business-friendly, and sustainable community with clean, safe and strong neighborhoods."
"Providing the most efficient and highest-quality services as the municipal location of choice for all
customers."*

6:00 PM WORK SESSION

- 6:00 PM**
1. Hotel Licensing Follow-up
 2. Staff Discussion – *Kathleen Maher, Director of Planning & Code; Paul Fulk, Neighborhood Services Manager; and Steve Lohr, Fire Chief*
 3. Public Input

CITY ADMINISTRATOR'S COMMENTS

MAYOR AND COUNCIL COMMENTS

ADJOURN

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Hotel Licensing Follow-up

Mayor and City Council Action Required:

Discussion:

Financial Impact:

Recommendation:

Motion:

Action Dates:

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HAGERSTOWN, MARYLAND**

Topic:

Staff Discussion – *Kathleen Maher, Director of Planning & Code; Paul Fulk, Neighborhood Services Manager; and Steve Lohr, Fire Chief*

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ATTACHMENTS:

File Name

Licensing_of_Hotels_10-23-2018_(1).pdf

Description

Licensing of Hotels



CITY OF HAGERSTOWN, MARYLAND

Planning and Code Administration Department

MEMORANDUM

TO: Valerie Means, City Administrator

FROM: Kathleen A. Maher, Director of Planning & Code Administration
Paul Fulk, Neighborhood Services Manager
Steve Lohr, Fire Chief

DATE: October 17, 2018

SUBJECT: Licensing of Hotels – Follow-up

Staff from the Fire Department and Planning & Code Administration will be present at the October 23 Mayor and Council meeting to follow up on discussions held at the October 2 meeting on the idea of developing a hotel licensing program.

Modifications to Proposed Code

A couple of topics were brought up as concerns during the October 2 meeting and staff has made those modifications. They are as follows:

- Eliminated the requirement of being in good standing with a hotel chain-brand
- Exemption for newly constructed facility or substantially renovated facility for first year following issuance of Use & Occupancy Certificate
- No license fee for a Tier 1 Hotel or Bed & Breakfast or Short-term Rental
- Establish timeline to correct Chapter 64 violations with a Tier 1 license
- Definitions for Bed & Breakfast and Short-term Rental

Program Impact on Facilities

Below is the impact on a facility under the proposed hotel license program. Currently, with no program in place, each hotel is inspected by the Fire Marshal once every year and the Planning & Code Administration Department is made aware of any identified Chapter 64 violations.

Tier 1

- Annual application, no fee, providing up-to-date facility contact information

Tier 2

- Annual application with \$150 building fee plus \$10 per guest room, providing up-to-date facility contact information
- Annual inspection by Planning and Code Administration

Tier 3

- Annual application with \$300 building fee plus \$20 per guest room, providing up-to-date facility contact information
- Biannual inspection by Fire Marshal and Planning & Code Administration

In addition to the goals mentioned in the September 25 memorandum, the program proposed is to have a minimal impact to the existing facility but hold them accountable for a safe environment for our patrons with facilities that meet minimum life safety and building code requirements.

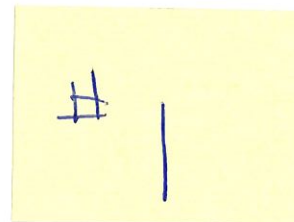
If Mayor and City Council are in favor of moving forward with the proposed code amendments, staff will work with the City Attorney on the necessary ordinances for introduction on November 27 or at a future meeting.

Attachments:

- Exhibit 1: Proposed Code with changes suggested from September 25, 2018 meeting
- Exhibit 2: September 25, 2018 memorandum outlining the proposed code
- Exhibit 3: Flow chart on Tier Determination Process
- Exhibit 4: Flow chart on Renew, Suspend or Revoke Process

- c. City Attorney
Doug DeHaven, Fire Marshal
Blaine Mowen, Chief Code Official
Emily McFarland, Neighborhood Services Programs Coordinator

Proposed Hotel Licensing Strategy for Hagerstown



Tier System:

Tier 1

1. Hotel operates under a chained-brand ~~and is in good standing with their chained brand;~~ or facility is a Bed-and-Breakfast or Short-Term Rental and complies with Property Maintenance Code; and
2. Facility is fully sprinklered and alarmed for fire protection; and
3. Facility was constructed within past 12 years or had a substantial renovation within the past 12 years; and
4. No valid complaints to the City.

Tier 2

1. Hotel operates under a chained-brand ~~and is in good standing with their chained brand;~~ or facility is a Bed-and-Breakfast or Short-Term Rental and complies with Property Maintenance Code; and
2. Facility is not fully sprinklered and alarmed for fire protection; or
3. It has been more than 12 years since facility was constructed or had a substantial renovation; and
4. No valid complaints to the City.

Tier 3

1. Hotel is independent of any chained-brand; or
- ~~2. Hotel is not in good standing with their chained brand; or~~
- ~~3. Bed and Breakfast or Short Term Rental does not comply with Property Maintenance Code; or~~
4. Valid complaints to the City.

Newly constructed facility or substantially renovated facility is exempt from the program for the first year following issuance of U&O.

Fee and Inspection Schedule:

Tier 1

1. ~~Hotel provides evidence they are in good standing with their chained brand.~~
2. ~~Hotel provides evidence they are~~ Facility must be in good standing on County Hotel/Motel Tax.
3. B&B or Short Term Rental passed a Property Maintenance Code inspection by the City at inception of Hotel License program prior to making application.
4. ~~No additional inspection is warranted (existing annual Fire Marshal inspection remains).~~ Hotel inspected annually by Fire Marshal.
5. Failure of fire protection or life safety system requires immediate correction within timeframe approved by Fire Marshal.
6. ~~Annual fee commensurate with annual inspection by Fire Marshal—\$75/building plus \$5/guest room. No license fee.~~

7. If code corrections are required, a \$150 re-inspection fee will be charged at the second re-inspection and for any additional inspections needed until the hotel is approved for initial license or license renewal.
8. If building, trade, or life safety violations of Chapter 64 are observed by Fire Marshal or reported to the City, ~~hotel~~ **corrections must be made within 60 days or facility** drops to Tier 2.

Tier 2

1. ~~Hotel provides evidence they are in good standing with their chained brand.~~
2. ~~Hotel provides evidence they are~~ **Facility must be** in good standing on County Hotel/Motel Tax.
3. B&B or Short Term Rental passed a Property Maintenance Code inspection by the City at inception of Hotel License program prior to making application.
4. **Annual PCAD inspection in addition to the existing annual Fire Marshal inspection.** ~~Hotel inspected annually by Fire Marshal and PCAD.~~
5. Failure of fire protection or life safety system requires immediate correction within timeframe approved by Fire Marshal. Chapter 64 code violations shall be corrected within 1-60 depending days as determined by City staff and depending upon severity of violation.
6. Annual fee commensurate with annual inspection by FM and PCAD - \$150/building plus \$10/guest room.
7. If code corrections are required, a \$150 re-inspection fee will be charged at the second re-inspection and for any additional inspections needed until the ~~hotel~~ **facility** is approved for initial license or license renewal.

Tier 3

1. **Facility must be in good standing on County Hotel/Motel Tax.**
2. ~~Hotel~~ **Facility** inspected every six months by Fire Marshal and PCAD.
3. Failure of fire protection or life safety system requires immediate correction within timeframe approved by Fire Marshal. Chapter 64 code violations shall be corrected within 1-60 depending days as determined by City staff and depending upon severity of violation.
4. Annual fee commensurate with twice year inspections by FM and PCAD – \$300/building plus \$20/guest room.
5. If code corrections are required, a \$150 re-inspection fee will be charged at the second re-inspection and for any additional inspections needed until the hotel is approved for initial license or license renewal.

Suspension of License:

1. If ~~hotel~~ **facility** fails to meet correction deadlines set by Fire Marshal or PCAD staff, license is suspended and no new guests shall be admitted. Depending upon the severity of the code violation, license may be revoked which forces closure of the hotel.
2. If ~~hotel~~ **facility** remains open with guests during suspension, Fire Marshal and/or PCAD staff will conduct inspections at frequency needed to ensure safety of guests. A \$150 re-inspection fee will be charged for each inspection needed until the hotel is approved for license renewal.

3. If ~~hotel~~ **facility** is closed during suspension, Fire Marshal and/or PCAD staff will conduct periodic spot checks to monitor status. No fee charged.

Revocation of License:

1. Failure to be in good standing with the County Treasurer on the County Hotel/Motel Tax;
2. Failure to be in good standing on City and County real property taxes and hotel license and inspection fees;
3. Failure to be in good standing on City utility bills;
4. Lease of rooms for extended-stay if the ~~hotel~~ **facility** is not in compliance with the design and operational standards for Extended-stay hotels;
5. Severe code violations exist which ~~hotel~~ **facility** has not addressed satisfactorily within timeframe prescribed by staff;
6. License suspension period has reached six months with unresolved code violations remaining; or
7. Valid complaints have reached chronic nuisance condition. *[This will require corresponding amendment to Chapter 95, Excessive Use of City Services.]*

Reinstate License:

1. ~~Hotel~~ **Facility** is eligible to renew its license once:
 - a. Fire Marshal and PCAD determine violations have been corrected; and
 - b. County Treasurer indicates ~~hotel~~ **facility** is in good standing on County hotel tax and County real property tax; and
 - c. City indicates ~~hotel~~ **facility** is in good standing on utility fees, fines, inspection fees, and real property tax; and
 - d. ~~Hotel~~ **Facility** pays full license fee.

Definitions:

Bed-and-Breakfast – a single-family home established as a small hotel facility offering sleeping accommodations and home-cooked breakfast for short-term stay by the traveling/transient public. Typically, a B&B has the host living in the establishment.

Chained-brand – Hotel owned by a hotel group or operated through a franchise or management agreement to carry the brand of a hotel chain. Every hotel operating under a chained-brand must comply with the design, operations, and maintenance standards prescribed and mandated by the hotel group owning the brand.

Core Building Systems – electrical, plumbing, and mechanical systems, and Maryland Accessibility Code required improvements.

Hotel – a facility offering sleeping accommodations for short-term stay by the traveling/transient public. Hotel exercises control over the room during the guest's occupancy, including cleaning, providing maintenance, and having access to the room via a room key. This shall include motels, inns, bed-and-breakfasts, and short-term rentals of dwelling units or portions of units through AirB&B, VRBO, or other on-line platforms.

Extended-stay Hotel – a facility offering rooms or suites for short-term or extended-stay by traveling/transient public. Extended-stay rooms shall contain space for sleeping, living, cooking, and dining complete with a furnished mini-kitchen. Hotel exercises control over the room during the guest's occupancy, including cleaning, providing maintenance, and having access to the room via a room key. Any conversions for extended-stay hotels shall require the building to be brought up to code, including installation of sprinkler systems and fire alarm systems if not currently in existence, prior to occupancy.

Extended-stay Guest – room is not primary residence of guest; maximum length of stay is 120 days in 150 day period. Exceptions for exceeding maximum stay limits: 1) written contract between hotel and a government, charitable, or insurance agency to house families in crisis who are receiving temporary housing assistance; 2) relocation service as part of a business relocation; and 3) contract employee which requires extended temporary occupancy for training or work.

Extended-stay Unit – shall contain space for sleeping, living, cooking and dining complete with a mini-kitchen. Each unit shall contain storage facilities, including closets, cupboards, and dressers, sufficient to house personal belongings brought to the unit by guests. Hotel shall ensure guests are not storing more personal belongings in the room than can be stored in the hotel-provided storage facilities.

Occupancy limit in Guest Rooms – Maximum occupancy for guest units is limited as follows, based on gross square footage of unit:

- 300 sq.ft. minimum for two guests
- 450 sq.ft. minimum for four guests
- Units over 450 sq.ft., maximum occupancy is calculated by 450 sq.ft. for four guests plus 125 sq.ft. for each additional guest in a suite of rooms (e.g., 950 sq.ft. minimum required for eight guests).

Short-term Rental – owner lets entire dwelling unit or portions of unit to short-term-stay guest and promotion of the service is through Air B&B, VRBO and/or other on-line platforms.

Short-term-stay Guest – transient guest occupying room for maximum length of stay of 30 days.

Substantial Renovation – owner received a building permit for upgrades to the facility that included substantial renovations to all guest rooms.

Mini-kitchen – includes at a minimum five sq.ft. of space for preparation of food, cabinets for storage of food, cutlery, and utensils, a full size refrigerator, sink, dishwasher, and microwave oven.



CITY OF HAGERSTOWN, MARYLAND

Planning and Code Administration Department

2

MEMORANDUM

TO: Valerie Means, City Administrator

FROM: Kathleen A. Maher, Director of Planning & Code Administration
Steve Lohr, Fire Chief

DATE: September 25, 2018

SUBJECT: Licensing of Hotels

Staff from the Fire Department and Planning & Code Administration Department will be present at the October 2 Mayor and City Council meeting to follow up on discussions held at the February 20 meeting on the idea of developing a hotel licensing program. This idea was initially introduced to the Mayor and City Council in a PCAD update on August 15, 2017 and arose again during discussions of the Garden Plaza Hotel inspections, due to concerns over the health, safety and general welfare of visitors and extended-stay occupants in Hagerstown's hotels.

Issue of Concern Regarding Hotels and Extended-stay Hotels

As discussed on February 20, the main areas of concern for staff are the following:

1. maintenance of hotels falls below codified standards for fire safety and property maintenance,
2. lack of training of staff on fire protection, emergency incident, and evacuation standards,
3. the use of hotel units for extended stay which were not designed for such occupancy and thus lead to unsafe living conditions, and
4. the use of hotels as dwelling units or rooming house units in zoning districts which do not allow such uses.

Additionally, staff have concerns about hotels operating in our community which are not in good standing on required State, County and City taxes or on City utility payments.

Hotel Licensing in Other Jurisdictions

As discussed on February 20, staff's research of hotel licensing have found that a number of jurisdictions in Maryland have hotel licensing programs and a number of jurisdictions around the country have codes regulating extended-stay hotels. In Maryland, we have found hotel licensing programs on the books in Annapolis, Anne Arundel County, Baltimore County, College

Park, Cumberland, Howard County, Gaithersburg, Laurel, Ocean City, and Rockville. Staff have visited a number of jurisdictions over the past several months to learn about hotel licensing and rental licensing in those jurisdictions.

Goals for a Hotel Licensing Program in Hagerstown

Staff goals for a City hotel licensing program would be to ensure:

1. hotel patrons are safe,
2. hotels meet required life safety and building code requirements,
3. hotel rooms are not used for extended-stay unless the rooms comply with minimum standards for such habitation, and
4. hotels are compliant on payment of required taxes and utility fees.

In addition to visiting other jurisdictions, staff have conferred with local Convention and Visitors Bureau staff, the County Treasurer, and staff of Homewood Suites to hear their thoughts and concerns, as we have explored potential strategies to address the City's concerns.

PCAD and Fire staff have reviewed what we have learned and devised a tiered strategy to address licensing and inspections of the hotels in Hagerstown and a revocation process for hotels which are not compliant with the licensing requirements. The proposed fees for the tier system are based on a study of fees in other jurisdictions.

Proposed Hotel Licensing Strategy for Hagerstown

Attached are flow charts to help explain how the following proposed tier system and revocation process would operate.

Tier System:

Tier 1

1. Hotel operates under a chained-brand and is in good standing with their chained-brand; or facility is a Bed-and-Breakfast or Short-Term Rental and complies with Property Maintenance Code; and
2. Facility is fully sprinklered and alarmed for fire protection; and
3. Facility was constructed within past 12 years or had a substantial renovation within the past 12 years; and
4. No valid complaints to the City.

Tier 2

1. Hotel operates under a chained-brand and is in good standing with their chained brand; or facility is a Bed-and-Breakfast or Short-Term Rental and complies with Property Maintenance Code; and
2. Facility is not fully sprinklered and alarmed for fire protection; or

3. It has been more than 12 years since facility was constructed or had a substantial renovation; and
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Tier 3

1. Hotel is independent of any chained-brand; or
2. Hotel is not in good standing with their chained-brand; or
3. Bed-and-Breakfast or Short-Term Rental does not comply with Property Maintenance Code; or
4. Valid complaints to the City.

Fee and Inspection Schedule:

Tier 1

1. Hotel provides evidence they are in good standing with their chained brand.
2. Hotel provides evidence they are in good standing on County Hotel/Motel Tax.
3. B&B or Short Term Rental passed a Property Maintenance Code inspection by the City at inception of Hotel License program prior to making application.
4. Hotel inspected annually by Fire Marshal.
5. Failure of fire protection or life safety system requires immediate correction within timeframe approved by Fire Marshal.
6. Annual fee commensurate with annual inspection by Fire Marshal - \$75/building plus \$5/guest room.
7. If code corrections are required, a \$150 re-inspection fee will be charged at the second re-inspection and for any additional inspections needed until the hotel is approved for initial license or license renewal.
8. If building, trade, or life safety violations of Chapter 64 are observed by Fire Marshal or reported to the City, hotel drops to Tier 2.

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Mini-kitchen – includes at a minimum five sq.ft. of space for preparation of food, cabinets for storage of food, cutlery, and utensils, a full size refrigerator, sink, dishwasher, and microwave oven.

Staff Recommendations

1. Staff believe that a hotel licensing ordinance would be advisable to ensure regular inspections of hotels for health and safety conditions and to outline the required occupancy standards and minimum provisions which a hotel unit must contain in order to be occupied for extended-stay.
 - a. Staff recommend such a hotel licensing provision be a stand-alone ordinance in the City Code with administration and inspections undertaken as a partnership of the Fire Department and PCAD.
 - b. Staff recommend forwarding of hotel licensing fees to the Fire Department to assist with additional staffing resources in the Fire Marshal's office. Additional staffing in PCAD is not recommended for the administration of this proposed program.
2. If a hotel licensing program were to 'regulate out' the use of hotels as permanent housing for individuals and families in need, staff would recommend that the Mayor and City Council consider amendment to the Land Management Code (LMC) to allow rooming houses in the city under certain conditions.

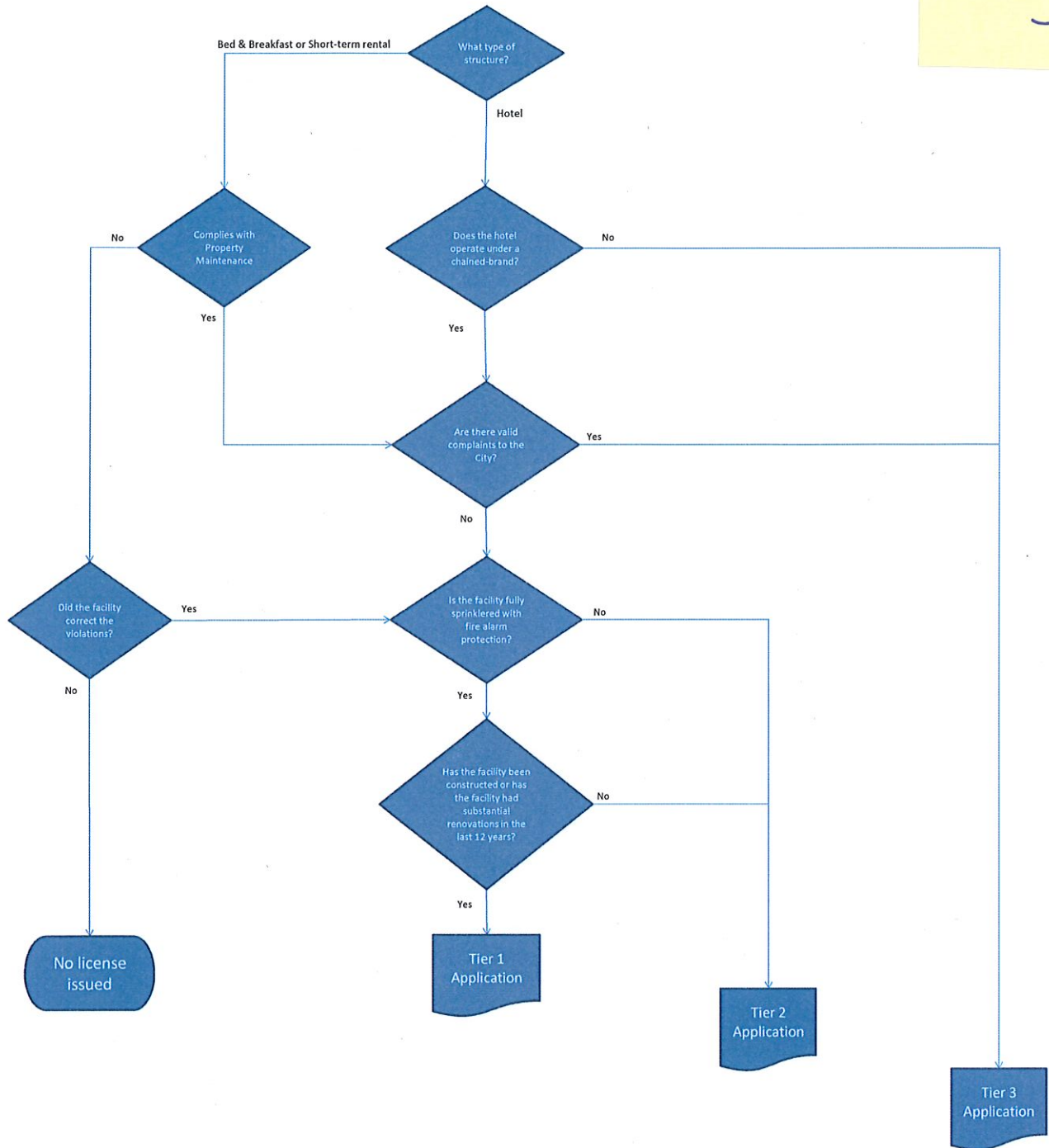
- a. Proposed amendments to the LMC have created a definition for 'rooming house' and a proposal for zoning district locations and conditions for operation of such facilities. The Planning Commission's public review meeting on the 2018 package of LMC amendments was on September 26. It is anticipated that the package will be forwarded to the Mayor and City Council in late October or early November.

Attachments

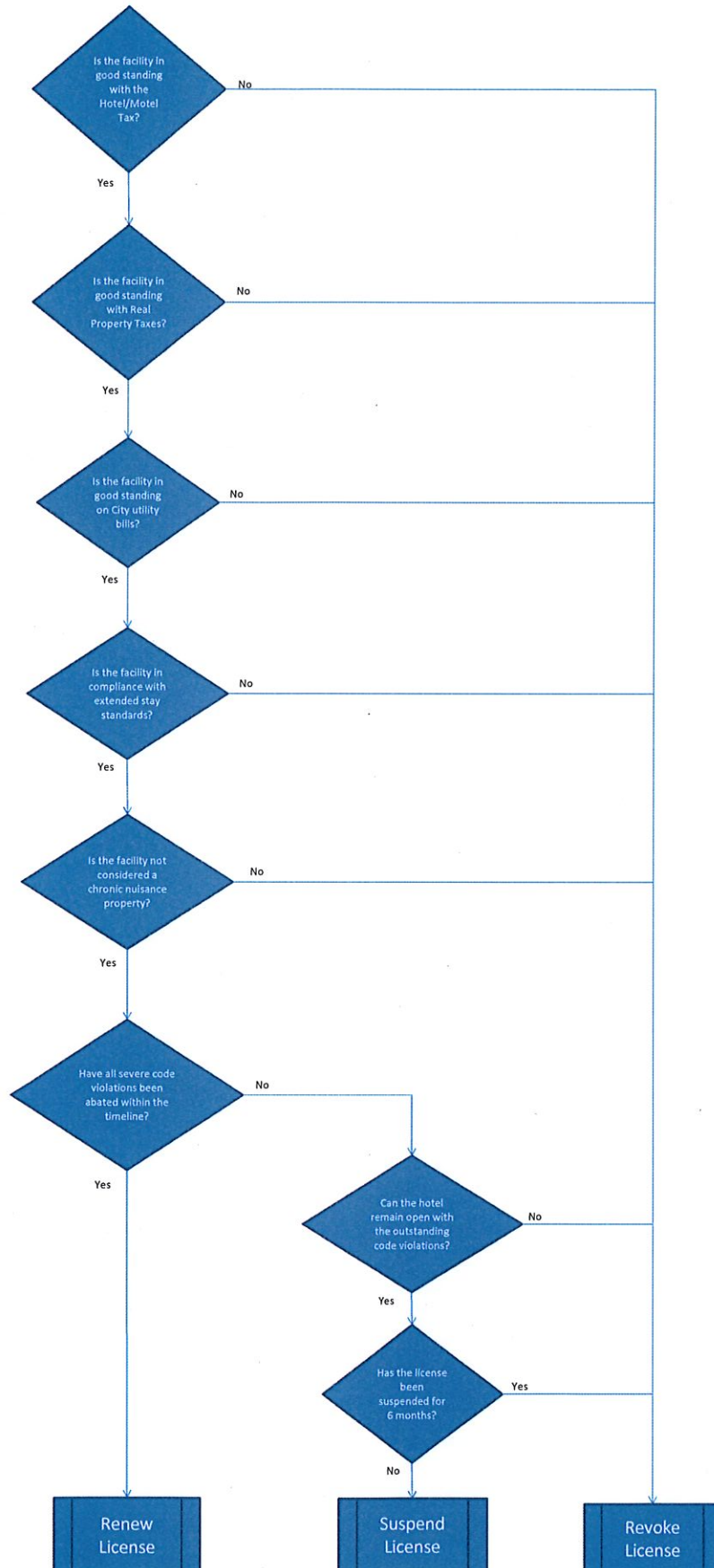
C: City Attorney
Department Managers
Doug Dehaven, Fire Marshal
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Tier Determination Process

#3



Renew, Suspend or Revoke Process



4

**REQUIRED MOTION
MAYOR AND CITY COUNCIL
HAGERSTOWN, MARYLAND**

Topic:

Public Input

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