



Legislation Text

File #: ID# 18-292, **Version:** 1

Agenda Date: 08/28/2018

Subject:

Amendments regarding short-term rentals in Title 10, Zoning Code

Presented By: Steve Kemp, City Attorney

REQUESTED COUNCIL ACTION:

Does city council support enacting a licensing method for the regulation of short-term rentals based on the direction provided in the July 31, 2018 study session, and upon such support directing introduction of an ordinance on first reading?

BACKGROUND:

Short-term rentals are the rental of property to an individual for a period that does not exceed thirty (30) days, granting the individual the rights of a tenant as compared to a person renting a hotel or motel room. Short-term rentals may consist of an entire house, a single room in a house, or a combination of these. All of these would have the same type of sales tax licenses under the lodging classification. Other types of lodging classifications advertise and use short-term online rental platforms.

The city issues business and sales/use tax licenses for the collection of sales taxes under the lodging classification for a number of businesses, including short-term rental properties. This same sales tax classification is used to issue business and sales/use tax licenses for many other uses such as hotels, motels, mobile home parks, communal rooming facilities, such as a YMCA, and bed and breakfasts.

Use of the sales tax licensing system as a means to regulate short term rentals is ineffective because the tax system does not look at operational issues. It is designed for the collection of taxes. Most cities that regulate short term rentals enact regulations addressing short-term rentals in residential units in their zoning code. At the July 10, 2018, study session, staff presented a number of policy questions for the council and received direction. The proposed ordinance is based on that direction.

PRIOR ACTIONS OR DISCUSSIONS:

Study session on July 10, 2018.

STAFF ANALYSIS:

Since most of the proposed ordinance is an amendment to the City's zoning code it will be reviewed by the planning commission before introduction as a first reading by council. The proposed ordinance is modeled after the City of Golden Code and designed to handle these as licenses issued administratively in designated zoning districts.

The ordinance is designed to meet the three objectives previously discussed with council:

1. Develop a formalized process to regulate short term rentals.
2. Maintain community and neighborhood character.
3. Develop rules to ensure public safety.

A PowerPoint presentation addressing specific provisions in the ordinance will be presented.

The formalized process will include annual business and operator's licenses with a minimal fee. Existing short-term rentals will have until January 1, 2020, to come into compliance. Community and neighborhood character will be addressed by requiring that the short-term rental must be a primary residence and requiring compliance with all city codes. Public safety will be enhanced by providing lessees with copies of relevant city codes and having a designated local contact.

These provisions meet the initial council objectives. Should council introduce and adopt the ordinance, staff will evaluate its operation and as with most cities make periodic recommendations for improvement.

OPTIONS/ALTERNATIVES:

Option A. Direct staff to proceed with a draft ordinance to planning commission for review and, upon recommendation, to a first reading with city council.

Option B. Direct staff to terminate further actions in regard to short-term rentals

Option C. Provide further guidance to staff on regulations, recognizing that the current moratorium expires on October 17, 2018, and additional direction will need to be provided on the issue of continuing the moratorium.

FISCAL IMPACTS:

There may be a very modest amount of revenue received from new license fees.

STAFF RECOMMENDATION:

Staff is recommending council direct referral of the proposed ordinance to the planning commission for a recommendation.