



Legislation Text

File #: PC Reso 26-2018, **Version:** 3

Agenda Date: 10/08/18

Subject:

PC Resolution 26-2018, An ordinance to amend the city's definitions of lodging uses and other associated definitions into Section 10-2-1 of Littleton's Zoning Code, to amend Section 10-3-1, Land Uses, to amend Section 3-9-2-1, Business License requirements, and to establish new regulations for short-term rentals, Section 10-4-18.

Presented By: Jocelyn Mills, Community Development Director

PROPOSED CODE AMENDMENT: An ordinance to amend the city's definitions of lodging uses and other associated definitions into Section 10-2-1 of Littleton's Zoning Code, to amend Section 10-3-1, Land Uses and short-term rentals, to amend Section 3-9-2-1, Business License requirements for short-term rentals, and to establish new regulations for short-term rentals, Section 10-4-18.

BACKGROUND: Currently there is a moratorium in place until October 17, 2018 for the city to not issue any more business license for short-term rentals in Littleton since the zoning code does not adequately address the topic of regulating short-term rentals in the city's residential neighborhoods. City council directed staff to draft regulations.

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, city council 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: City council discussed draft regulations for short-term rentals during the August 28, 2018 study session and Planning Commission discussed the draft regulations during the September 10, 2018 study session. Council and planning commission discussion items were contemplated in

the drafting of the proposed short term rental regulations. The draft regulations were also posted on *LittletonPlans* for community review and comment. Written public comments were solicited through end of the day on September 18, 2018.

On September 24, 2018 Planning Commission voted to continue the hearing on short term rental regulations. The commission directed staff to revise the draft regulations to include more specificity on ownership requirements, and to further distinguish between the different zone districts where short term rentals are permitted.

The revised draft short term rental regulations are attached to this staff communication as a draft ordinance. Please note the revised language is shown in bold capital letters, and strike throughs.

STAFF ANALYSIS: The proposed ordinance is modeled after the City of Golden's short term rental regulations, and other metro area communities, and is 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.

The proposed regulations include an 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 limiting the number of short-term rentals per owner, and requiring compliance with all applicable city codes. Public safety will be enhanced by providing lessees with copies of relevant city codes and having a designated local contact.

Additionally, the proposed regulations further clarify a few of the city's lodging services definitions (*rooming/boarding, hotel, motel, and hotel extended stay*), and deletes out of date definitions (*tourist home and other temporary residences*). It also came to staff's attention that the city's definition of *dwelling unit* (needed to be updated) and *family* (needed to be added) should be amended to be in sync with state and federal regulations regarding how these terms are defined.

And finally, a new definition of *bed and breakfast* is included. As another category in lodging services, and to eliminate any confusion in the future between bed and breakfast, and short-term rentals, it (bed and breakfast) is proposed to be included at this time. It appears appropriate to allow these in the same zone districts as *rooming facility/boarding house* (in the future the city's entire land use table will be evaluated and all of these uses will be discussed at that time if any other changes to land use categories may want to be contemplated). As a side note, no changes to any other uses in the existing land use categories are proposed at this time.

OPTIONS/ALTERNATIVES: The planning commission may take the following actions on the application: forward recommendation of approval to city council, forward recommendation of approval with conditions, continue to date certain, or forward recommendation of denial. A sample motion is provided for each option.

FISCAL IMPACTS: The fiscal impact to the city includes fees to be collected for licensure, and sales taxes collected from short-term rentals.

STAFF RECOMMENDATION: Staff finds that the proposal to amend the City's Zoning Code as outlined in PC Resolution 26-2018 complies with the pertinent goals and policies of the city's comprehensive plan, and promotes the general welfare of the community. Staff recommends planning commission recommend approval to city council of PC Resolution 26-2018.

PROPOSED MOTION:

Motion to Approve and/if necessary, With Conditions

I move to approve PC Resolution 26-2018, to amend the city's definitions of lodging uses and other associated definitions into Section 10-2-1 of Littleton's Zoning Code, to amend Section 10-3-1, Land Uses and short-term rentals, to amend Section 3-9-2-1, Business License requirements for short-term rentals, and to establish new regulations for short-term rentals, Section 10-4-18, *which forwards a favorable recommendation to city council*, with the following condition(s):

- 1.
- 2.

Motion to Continue to a Date Certain

I move to continue PC Resolution 26-2018, to amend the city's definitions of lodging uses and other associated definitions into Section 10-2-1 of Littleton's Zoning Code, to amend Section 10-3-1, Land Uses and short-term rentals, to amend Section 3-9-2-1, Business License requirements for short-term rentals, and to establish new regulations for short-term rentals, Section 10-4-18, to _____ (insert date) in order to _____.

Motion to Deny

I move to recommend denial of PC Resolution 26-2018, to amend the city's definitions of lodging uses and other associated definitions into Section 10-2-1 of Littleton's Zoning Code, to amend Section 10-3-1, Land Uses and short-term rentals, to amend Section 3-9-2-1, Business License requirements for short-term rentals, and to establish new regulations for short-term rentals, Section 10-4-18, *which forwards an unfavorable recommendation to city council*. The foregoing recommendation of denial is based on the findings that the proposed change:

Note: Identify criterion or criteria not met and adjust motion accordingly:

- 1.
- 2.