

Legislation Text

File #: Ordinance 54-2018, **Version:** 3

Agenda Date: 01/15/2019

Subject:

An ordinance on second reading amending Title 10 of the municipal code regarding short-term rentals

Presented By: Stephen Kemp, City Attorney

REQUESTED COUNCIL ACTION:

Does city council support amending Title 10 of the municipal code regarding short-term rentals?

BACKGROUND:

On November 27, 2018, council held a fourth study session on short-term rentals to provide direction and clarification on remaining issues in the draft ordinance. City council directed staff to update the draft ordinance and bring it forward for first reading. The ordinance passed on first reading at the December 4, 2018, regular meeting.

PRIOR ACTIONS OR DISCUSSIONS:

The following prior actions and discussions have occurred:

- **July 10, 2018:** City council study session regarding short-term rental policies. Council directed staff to draft an ordinance issuing an emergency moratorium on the issuance of business and sales/use tax licenses under the lodging classification for short-term rental properties and to draft ordinance language to regulate short-term rentals.
- **July 31, 2018:** City council study session regarding short-term rental policies to provide staff direction on policy questions.
- **August 28, 2018:** City council study session to review the draft short-term rental regulations, including:
 - Creating an annual business license fee and annual operator license structure
 - Defining short-term rentals (and clarifying other definitions in Littleton's code)
 - Allowing one short-term rental per person who must reside in Littleton
 - Requiring occupancy of short-term rentals to meet applicable city zoning and building codes, and all other fire and building safety codes
 - Requiring a local contact within 20 miles of the short-term rental property
 - Establishing rules around revocation of a short-term rental operator's license
 - Requiring existing short-term rental licensees to comply with the regulations by January 1, 2020
- **September 6 to September 18, 2018:** Public comment and input solicited via *LittletonPlans.org* and individual letters sent to all short-term rental business license holders.

- **September 24, 2018:** Planning commission held a public hearing on the draft short-term rental regulations. The commission voted to continue the hearing and directed staff to revise several sections and bring back updated regulations to the planning commission for further discussion on its recommendation to city council regarding the proposed regulations.
- **October 8, 2018:** Planning commission continued its public hearing, considered revised language, and recommended approval of a proposed draft ordinance to city council. The proposed draft ordinance included (bold text indicates a difference from the original draft ordinance):
 - Creating an annual business license fee and annual operator license structure
 - Defining short-term rentals (and clarifying other definitions in Littleton's code)
 - **Not allowing short-term rentals in larger lot residential zone districts - R-E, R-S, R-L and R-1**
 - **Allowing short-term rentals in all other residential zone districts and any other non-residential zone districts that allow residential uses**
 - Allowing one short-term rental per person who must reside in Littleton
 - Requiring occupancy of short-term rentals to meet applicable city zoning and building codes, and all other fire and building safety codes
 - **Requiring a minimum stay of two nights by the same party**
 - **Requiring parking to be on the property (off-street) for the short-term rental but not allowing a residence to pave the front yard to create more parking for short-term rentals**
 - Requiring a local contact within 20 miles of the short-term rental property
 - Establishing rules around revocation of a short term rental operator's license
 - Requiring existing short-term rental licensees to comply with the regulations by January 1, 2020
- **October 2, 2018 and October 16, 2018:** City council passed an extension of the moratorium on issuance of any additional licenses for short-term rentals. The moratorium was extended through January 14, 2019.
- **October 23, 2018:** City council study session to review the draft short-term rental regulations and provide further guidance to staff on policy direction and the drafting of the proposed regulations.
- **November 27, 2018:** City council study session to provide guidance to staff on items not addressed in the study session on October 23, 2018. City council directed staff to update the draft ordinance based on the issues addressed and to bring it forward for first reading at the next regular meeting.
- **December 4, 2018:** The ordinance passed on first reading.
- **December 18, 2018:** At the request of the client, a motion to continue the public hearing to January 15, 2019 was made and approved.
- **January 8, 2019:** City council study session to provide guidance to staff on questions raised after the December 4, 2018 meeting. City council directed staff to update the draft ordinance based on the issues addressed and to bring it forward for second reading at the next regular meeting.

STAFF ANALYSIS:

The proposed ordinance is designed to manage short-term rental licenses as administrative licenses issued in designated zone districts.

The ordinance is designed to meet the three objectives 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 formalized process will include an annual permitting process consisting of an annual business license with no required fee and an annual short-term rental operator's license with a fee. Existing short-term rentals which have a business and sales/use tax license will have until January 1, 2021, to become compliant with the new requirements. Community and neighborhood character will be addressed through the requirement that all short-term rentals must be a primary residence (with a minimum residency requirement of eight months out of the year) and requiring compliance with all city codes. Public safety will be addressed by providing a copy of all relevant city codes to all short-term renters and by requiring licensees to have a designated local contact and provide contact information to adjacent property owners.

The proposed draft ordinance meets the council objectives. If council introduces and adopts the ordinance, staff will continue to evaluate this process and make periodic recommendations for improvement as needed.

Staff plans to use Host Compliance to assist with the management of short-term rentals. Host Compliance would provide the city the following services:

1. Trend monitoring services
 - a. Active monitoring of short-term rental listings across 15+ websites
 - b. Monthly report on aggregate short-term rental activity in the city
 - c. Monthly analysis of short-term rental trends
2. Address identification
 - a. Up-to-date list of all active short-term rental listings in the city
 - b. Full address and contact information for all identifiable short-term rentals (where available)
3. Compliance monitoring
 - a. Ongoing monitoring of short-term rentals for zoning and permit compliance
 - b. Pro-active and systematic outreach to unpermitted and/or illegal short-term rental operators
 - c. Monthly staff report on compliance
4. 24/7 short-term rental hotline
 - a. Staffed telephone and email hotline for neighbors to report non-emergency problems related to short-term rental properties
 - b. Daily/weekly staff reports containing
 - i. The numbers and types of reported incidents
 - ii. List of properties which had incidents reported
 - iii. Full documentation of all reported incidents
 - iv. Digital recordings and written transcripts of all calls
 - c. Custom reports and analysis of hotline related activities

OPTIONS/ALTERNATIVES:

Option A: Do not approve the proposed ordinance on second reading.

Option B: Approve the proposed ordinance on second reading.

FISCAL IMPACTS:

There may be a minimal amount of revenue received from the new license fees.

STAFF RECOMMENDATION:

Staff recommends that council approve the ordinance on second reading.

PROPOSED MOTION:

I move to approve the ordinance on second reading amending Title 10 of the municipal code regarding short-term rentals.