

STAFF MEMO
October 16, 2018 Council Work Session

DATE: October 11, 2018

AGENDA ITEM NUMBER: 2

TOPIC: Continued discussion regarding potential Short-Term Rental regulations and fees.

BACKGROUND/TIME FRAME: Short-Term Rentals and concepts for potential regulates were discussed at the October 2, 2019 meeting. Primary and Secondary goals were presented at that time and concept boards were presented in preparation of a public input meeting that was held at Town Hall on the following Thursday evening October 4, 2018. As a result of the discussion with Council at the October 2, 2018 work session, an additional regulation concept board was created regarding a grace period for individuals to come into compliance before any enforcement would be done. Staff is also recommending that the ordinance be effective January 1, 2019 and with the grace period short-term rental licensing and renewals would be required by April 1st of each year.

The public meeting was well attended with nearly 50 people in attendance. The meeting was attended by staff who presented the information on the boards at several stations and answered questions and several Council members were in attendance. Cards were handed out for the attendees to provide comments; peoples e-mails were captured for relaying the information presented that evening, a plan of what the schedule moving forward is, and providing links to Council packets and to send out additional information. Surveys are being sent out to gather additional information. Those in attendance were reminded that a public hearing on the ordinance would be held and they would have an opportunity to provide comments.

Over all it is felt the public input meeting was a success and many thanked the Town for hosting the meeting and providing the information. Some additional ideas were presented that staff is considering for instance, one suggestion was to provide a reward for those individuals that have been in compliance. While there was not 100% support, the thought is something should be in place and what we are contemplating seems reasonable and that the Town is going the right direction. A scan of the comment cards is attached to this memo along with a copy of the follow up e-mail that sent out.

SUMMARY:

Primary Goals:

- Ensure that all properties that are renting short-term are registered with the Town and are paying the applicable sales and lodging taxes.
- Provide Short-Term Rentals with information on Town ordinances for noise, trash/recycling and parking.

Secondary Goals:

- Ensure that Short-Term Rentals meet basic life safety standards.
- Participate in countywide call center for the community to share impacts from Short-Term Rentals and other concerns.

We are recommending adding the following requirements to the Short-term Rental regulations to meet these goals:

- Staff has mentioned that we see a need to further regulate short term rentals in the Town. While we feel we have captured and are collecting sales tax and lodging tax from most of the Short-Term Rentals, we cannot and are not sure that all are in compliance since with our existing business license/occupation tax, for someone managing several Short-Term Rentals allows them to pay one \$60 business license/occupational tax even when they manage multiple properties. Adding a Short-Term Rental registration fee that every Short-Term Rental property must pay will give us the mechanism to better track the number and monitor who should be and/or is paying taxes. We anticipate the Short-Term Rental registration fee would be an additional \$40 to \$50 per year.
- The registration process would create a form that would be posted on the premise that would list the Short-Term Rental registration number, address of the unit and owner contact number.
- The Short-Term Rental registration number would be required to be included in any advertisement, property listing or post.
- Have a responsible person that short-term guests and neighbors can call in case of questions, complaints and emergencies. This contact number shall be posted in the unit and provided to neighbors.
- Require self-certification at the time of application each year that units have working smoke and carbon monoxide detectors, and fire extinguishers.
- Provide owners and tenants information about the Town's parking, noise and trash ordinances.
- Provide owners the contact numbers for such things as gas and electric services, cable TV and trash collection for posting in the unit.
- Provide that owners have a plan in place for trash and recycling removal or bear proof storage for trash placement for collection on scheduled days. No trash shall be deposited of in town owned dumpsters or private dumpsters.
- Provide information on enforcement, the fine process for violation of our code and a revocation process for repeat offenders.

BUDGET IMPACT: This is for discussion and Council input at this time. We anticipate the utilization of staff and legal time to develop the ordinance and regulations. Implementation costs will be covered by the Short-Term Rental registration fee. With the third-party administration costs this anticipated to be \$40 to \$50 per year per unit.

PUBLIC POLICY GOALS SUPPORTED:

- The Town of Dillon provides conscientious stewardship of Dillon's resources, amenities and environment, now and into our future.

DEPARTMENT HEADS RESPONSIBLE: Tom Acre, Town Manager and Carri McDonnell, Finance Director

QUESTIONS/INFORMATION REQUESTED FROM COUNCIL:

- Does Council agree with staff's direction on additional Short-Term Rental regulations?
- Does Council agree with staff's recommendation to charge a Short-Term Rental registration fee in addition to the business license/occupational tax which would be applicable to the individual unit?

SHORT-TERM RENTALS (STRs)

Current Regulations

- Rental periods of 30 days or less
- Annual Business License of \$60
(applies to properties that remit their own taxes)
- Collection of sales tax and lodging tax
- Town ordinances for noise, trash and parking apply to all properties in town

SHORT-TERM RENTALS (STRs)

Goals

Primary Goals

- Ensure all properties that are renting short-term are registered with the Town and are paying applicable sales and lodging taxes
- Provide short-term rentals with information on Town ordinances for noise, trash/recycling and parking

Secondary Goals

- Ensure that short-term rentals meet basic life safety standards.
- Participate in countywide call center for the community to share impacts from short-term rentals and other neighborhood concerns

SHORT-TERM RENTALS (STRs)

Potential Regulations

- Establish short-term license and \$50 per year fee for all properties that rent short-term
- Require Town short-term license number be included in all advertising
- Require self-certification of life safety standards such as smoke detectors, carbon monoxide detectors, fire extinguishers
- Require a Responsible Agent be registered and posted for each unit

SHORT-TERM RENTALS (STRs)

Educational Information

- Require property owner/manager provide informational sheet in the unit
 - Address of unit
 - Emergency Contact
 - Parking Plan
 - Trash/Recycling Plan
 - Quiet Hours per ordinance
 - Contact info for utilities
- Call Center
 - 24/7 center to be shared with Towns and County
 - One number for all entities
 - May develop into 311 center

SHORT-TERM RENTALS (STRs)

Regulations that Other Communities have Enacted

Dillon is NOT Considering these Regulations

- Occupancy rules
- Number of units allowed in Town (Crested Butte)
- Number of units allowed per block (Durango)
- Moratorium on short-term rentals
- Only allow short-term rentals in specific zoning districts
- Require professional property manager to be located in the County or within 30 miles of property (Summit County consideration)
- Neighbor notification of short-term rental
- Require period of ownership before you can apply for license (Minturn requires 2 years)
- Limit duration of stay to x number of days per year
- Only allow short term rentals in primary residences (Denver)

SHORT-TERM RENTALS (STRs)

Enforcement

- Three month grace period to come into compliance
 - Pay short term license fee and business license if applicable
 - Pay current month/quarter of sales and lodging taxes due
- Failure to comply within grace period may result in further action including payment of all back sales and lodging taxes, interest and penalties
- Failure to pay sales and lodging taxes may result in revocation of short term license/business license
- Repeated violations of code may result in fines, court appearance and revocation of short term license/business license