



**AGENDA**  
**CITY OF SALIDA PLANNING COMMISSION**  
**WORK SESSION**

**MEETING DATE:** Tuesday, October 11, 2016  
**MEETING TIME:** 6:00 p.m.  
**MEETING LOCATION:** City Council Chambers, 448 E. 1<sup>st</sup> Street, Salida, CO

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- I. Short-term vacation rental discussion
- II. Adjourn



SHORT TERM RENTALS IN SALIDA: REPORT TO THE PLANNING COMMISSION BY  
BEVERLY J. KAISER, PLANNING CONSULTANT SEPTEMBER 30, 2016

The Salida City Council adopted an ordinance (Ordinance No. 13, 2016) on September 6 establishing a six month moratorium on processing and approving new applications for “short term rental business licenses within residential zone districts.” This moratorium takes effect Oct. 1, 2016. During a moratorium, it is incumbent on the City to proceed with addressing the problem as soon as possible. Unless specifically defined, the terms “vacation house rental” and “short term rental” are used interchangeably in this report. The following sections provide background information on short-term rentals (STRs) and the regulation of such for discussion purposes.

**Background:**

The City began to address the trend of an increasing and alarming number of single family or duplex residences rented as vacation homes in early 2016. This increase in vacation home rentals (VHRs) is partly a result of the convenience of on-line rental/marketing sites, such as AirB&B, making it easy for homeowners to rent their home, even while out of town. To date, the City has taken the following actions:

1. The Salida Community Development Department and the Planning Commission discussed the “regulation of short term rentals as a first step” on January 25, 2016.
2. On February 1, 2016 the topic was brought before the City Council at a work session.
3. On May 3, 2016 the City adopted an ordinance (Ordinance No. 11, 2016) requiring that all renters of vacation homes apply for a short term rental business license for Short Term Rentals (STR) prior to using the home as a STR. Rentals already remitting tax returns for the City’s occupation lodging tax are to be deemed to be licensed and qualify for renewal provisions outlined in the new ordinance. The proposed rental must be inspected by the Fire Department prior to issuance of a license and annually, prior to license renewal. Currently the first time registration costs \$50, with an annual \$25 renewal fee. The fine for not registering an active short term rental is \$1,000.
4. Sept. 6, 2016 the City Council adopted Ordinance No. 13, 2016 creating a moratorium on issuing new business licenses for the use of any property within residential zones for the purpose of short term rental housing. This was done due to “an increasing number of negative impacts concerning the operation of short term rentals within the City including complaints about long term housing availability, noise, parking, traffic, refuse, disturbance of the peace and other issues.”

## **Proposed Next Steps:**

In order to quickly proceed with action toward addressing the STR issue, the following program is suggested:

- Planning Commission discussion regarding the pros and cons of STRs, results of the tally of licensed STRs in Salida, and examples of STR regulations adopted by other Colorado mountain towns. This discussion is scheduled for a Planning Commission work-session on Oct. 11, 2016.
- Informal workshop with the public (introductory presentation, discussion/public input centered on specific topics, discussion RE next steps) for the purpose of assessing the community view of and questions about STRs in Salida,
- Written summary report of public input received at public workshop, presentation to Planning Commission, discussion regarding appropriate response and course of action
- If deemed appropriate, draft ordinance for PC review and recommendation by the PC, PH
- Ordinance for CC 1<sup>st</sup> reading
- CC 2<sup>nd</sup> reading of ordinance, PH

## **Status of Vacation Home Rentals (i.e. STRs) in Salida:**

Staff has summarized the number of vacation house rentals registered to date. The initial sampling totals 76 of an estimated 105 vacation rental homes (estimated by Dan Osborn on Mar. 14, 2015). Since May 2016, 19 of the sampling are newly licensed ones and 57 renewals. Of the 76 in the sample, 26 are located in commercial or industrial zones, with the balance (50) found in residential zones. Staff is in the process of researching the percentage of vacation house rentals to the total relevant Salida housing units and the locational distribution of the STR units throughout City zones districts.

## **Pros and Cons of Vacation House Rentals:**

The following is a brief summary of the pros and cons of VHRs in Salida that could be used to stimulate discussion at a public forum and reflect an effort to view the issue in an objective manner.

### Positive Aspects of Vacation House Rentals in Salida

- ✚ Increase in income for property owner (assuming the VHR is consistently rented and the total rents exceed those collected from long term rentals) not living in the dwelling unit
- ✚ Increase in income and jobs for property management businesses
- ✚ Increase in the number of jobs and income for those in the business repairing and cleaning VHRs
- ✚ Improved property appearance and upkeep to compete in the VHR market; thereby improving the residential appearance of the neighborhood and positively contributing to the neighborhood property values
- ✚ Meet a need of an industry (tourism) that has replaced mining and railroad business
- ✚ Provide a vacation rental with a more home-like atmosphere where renters can cook at home, bring pets (where permitted), and include an entire family

- ✦ Provide a temporary use of a future retirement home for owners planning to retire in Salida, yet in the present wanting to occasionally visit Salida (when the unit is not rented to vacationers)

#### Negative Aspects of Vacation House Rentals in Salida

- ✦ Fewer available long term housing units for Salida's workforce
- ✦ Negative impacts on adjacent and nearby residents including noise, trash, parking, smoke, pets, traffic, and too many vacation renters in a house, that cumulatively disturb the quiet residential character of a neighborhood
- ✦ Inability of long term renters to compete with the total rental income collected from vacation rental units
- ✦ Long term renter displacement as a result of conversion of a home from a long-term rental to a vacation rental
- ✦ Long-term renters needing to find housing in other towns and nearby rural areas, thereby commuting to Salida to work (and as a consequence deal with seasonally dangerous roads and an increase in gas and car expenses)
- ✦ Difficulty for Salida employers to hire or retain workers due to the difficulty in finding employee housing
- ✦ Increase in number of persons per household occupying a long-term rental (caused by rental shortages and prices) resulting in noise, parking, trash, and traffic impacts on immediate neighbors

#### Action Taken by Other Colorado Mountain Towns

Many other Colorado mountain communities are experiencing impacts from the preponderance of vacation home rentals. Staff has researched the regulations adopted by several nearby mountain towns: Silverton, Breckenridge, Durango, Steamboat Springs, and Crested Butte. While most of the communities studied address the negative impacts of the VHRs on the neighborhood, some, such as Durango are also limiting the total number of VHRs, the location, and the spacing in certain residential zones.

The results of the study are represented on the attached table by listing the type of regulation by category such as application submittal requirements, and regulations of parking, noise, number of renters, permitted locations, and number of stored motorized vehicles. Staff suggests using this table as an "idea list" of options for regulations that may be appropriate in Salida, should the City decide to proceed with expanding its present requirements. Currently the City requires that VHRs are registered and annually inspected by the fire department. Registration in itself is useful as a means to track the number, condition, and location of the units. Additionally, Salida does not permit rentals for a period of less than 30 days in accessory dwelling units (ADUs).

As the topic of Vacation House Rentals comes more and more in the forefront, additional information, concerns and regulation examples are coming to light from other communities. These are discussed below.

- Estes Park is concerned about the number of visitors permitted in a VHR. The town limits the maximum number of renters to eight per unit with no more than two persons per bedroom plus an additional two. Estes Park also requires that each unit install a cigarette receptacle outside.
- The City of Denver has recently adopted an ordinance that permits short-term rentals in the licensee's primary residence only. This effectively bans vacation rentals in second homes and investment properties.
- The Town of Telluride limits the total number of days a property may be rented on a short-term basis in residential zones to less than 29 days in a calendar year and no more than three times a year. This results in a longer stay per rental or fewer times a year a property is rented.
- Santa Fe, New Mexico has created a total cap of vacation rentals in residential zones at 350. The City also restricts the duration of no more than one short term rental per a 7 consecutive day period and no more than 17 STRs (per unit) in one calendar year.
- San Luis Obispo County, California has a proximity restriction of "no short term rental closer than 200 feet to another."
- Mendocino County, California has a ratio limit of thirteen long-term rentals per one vacation rental.
- Other resort communities in California such as Carmel, County of Napa, Huntington Beach, and Dana Point define "vacation house rentals" as a commercial use and thereby prohibit them in residential zones altogether.

Some of Colorado community impacts caused by STRs do not (yet) affect Salida. One of these is the added demand for housing for persons in the business of maintaining and cleaning the rentals. This is a problem in Summit County. Room for snow removal, snow storage, and snow removal management in places that frequently need to have on street parked cars removed for snow plowing is another (Silverton and Summit County).

One of the reasons Denver is limiting short term rentals to a licensee's primary residence is that the City was finding that multiple short term rental properties were under one ownership. This essentially created a "floating hotel." This is also a problem in Los Angeles.

In New York City single room short term rentals are common, often rented within an apartment (with several bedrooms) without the landlord's permission. Short term rentals in a large apartment complex not only affects the residential neighborhood "feel" but also negatively effects the apartment rental rates and availability.

### **Purpose and Definitions Sections for VHR/ STR Rental Regulations**

If the City decides to proceed with expanding its regulation of STRs, clear "purpose" and "definitions" sections are important. These sections establish a legal backbone and can clarify which type of vacation rental is included. Staff has researched potentially suitable examples that follow. The "purpose" section can address the negative impacts of VHRs/STRs.

#### Examples of "Purpose" Sections:

Purpose: The purpose of this section is to preserve the residential character of Salida's neighborhoods and to prevent the negative impacts of increased intensity of use attributable to vacation home rentals. The provisions of this section are necessary to prevent the potential burdens and impacts on residential neighborhoods posed by vacation rental homes including excessive noise, overcrowding and illegal vehicle parking. Special regulation of these uses is necessary to ensure that they will be compatible with surrounding residential uses and will not act to harm and alter the neighborhoods in which they are located. Maintenance of Salida's existing residential neighborhoods is essential to its continued economic strength. It is the intent of this section to minimize the impact of vacation rentals on adjacent residences and neighborhoods and to minimize the impact of the commercial character of a vacation rental home. (Example modified from Silverton's land use code)

Purpose: The provisions of this section are necessary to prevent unreasonable burdens on services and impacts on residential neighborhoods posed by vacation rental homes. Special regulation of these uses is necessary to ensure that they will be compatible with surrounding residential uses and will not act to harm and alter the neighborhoods in which they are located. Maintenance of Salida's existing residential neighborhoods is essential to its continued economic strength. It is the intent of this section to minimize the impact of vacation rentals on adjacent residences and to minimize the impact of the commercial character of vacation rentals. (Example modified from Durango's land use code)

#### Definitions:

##### Silverton example:

Vacation home rental: Vacation home rental is defined as a dwelling unit, including either a single-family or multiple-family unit, rented for the purpose of overnight lodging for a period of not more than thirty-one (31) days, other than an on-going month-to-month tenancy granted to the same renter for the same unit.

##### Steamboat Springs examples:

Short-term rental: The use of a single-family or duplex residential dwelling unit by visitors in return for payment on not more than two (2) occasions per year with a combined total of not more than thirty (30) days annually (this resembles Telluride's frequency and duration limits). In other words, "short term rentals" in Steamboat Springs and Telluride refer to occasionally renting a primary residence.

##### Versus

Vacation home rental: The rental of a single-family home or duplex to a single party of related persons or un-related persons known to one another, without the owner residing in the single family home or duplex, for periods of time not to exceed twenty-nine (29) consecutive days; provided, however, short-term rentals shall not be regulated by this chapter, nor shall the use of a property licensed as a vacation home rental be regulated by this chapter during periods when the property is used solely for personal use by the owner. These regulations shall not prohibit an owner living in a secondary unit from using

the principal unit as a vacation home rental or an owner living in one-half of an undivided duplex from using the other half of the duplex as a vacation home rental (also Steamboat Springs example).

Conclusions from above examples:

It appears that clarification is needed between “short term rentals” and “vacation home rentals.” “Short term rentals,” with the Steamboat Springs and Telluride examples, refer to occasionally renting a home usually occupied by the owner while the “vacation rental” implies an ongoing business. It is useful to clarify whether the owner may reside in the unit at times, in an attached duplex half, or associated ADU (accessory dwelling unit). Salida’s land use code prohibits accessory dwelling units (ADUs) from being used as vacation rental units (Section 16-4-190 (c)). Clarification may also be necessary regarding the difference between a vacation rental, home occupation, and home business. Will presently approved STRs be permitted to continue (i.e. be “grandfathered”) or face potential disqualification depending on if and how the regulations change?

The moratorium adopted by the City Council applies to “short term rentals” in residential zones only. Discussion is needed on how to treat such rentals in mixed use and commercial zones. A simple approach might be to continue with the registration (and Fire Department inspection) requirement with no restriction on duration, location, or quantity as long as the unit is in a commercial zone. The question, then, remains how to treat STRs in mixed use zones.

## **Summary**

After researching the vacation house rental regulations in place in other Colorado communities, as well as in the West, it’s becoming apparent that several different levels, or degrees, of regulation have evolved. These are the following:

Level 1: Registration only

In communities that use this approach, the registration helps the City keep track of the location and number of VHRs and provides a contact person if any problems arise. Some communities that use this approach require that the rental unit also have an informational plaque installed that includes the contact person, house regulations, and community regulations (i.e. enforcement of regulations already in place) such as noise ordinances, trash removal requirements, and parking regulations.

Level 2: Registration and requirements adopted to address the specific negative impacts of vacation house rentals.

Most of the regulations listed on the attached table pertain to this approach; i.e. addressing the negative impacts, but not limiting the number and location of VHRs.

Level 3: Levels 1 and 2 above with restrictions on the total number of VHRs, location, separation, and stay duration in the entire City or in certain residential zones.

Durango is an example of a community that addresses the negative impacts of STRs and the location. Steamboat Springs and Telluride address the duration of stay and frequency of rental in a year. Santa Fe limits the total number of STRs in the entire City residential zones.

#### Level 4: Prohibition of VHRs in residential zones

These communities (such as the resort communities in California) view VHRs as a commercial business and feel they do not belong in a residential neighborhood.

#### **Next Step**

The Planning Commission is to consider the information in this report for discussion purposes. The next step would be to hold a community forum to assess the opinions and ideas about short-term rentals on the part of citizens of Salida. Depending on the citizen input, the Commission will likely have a more clear idea of how to address the short-term rental situation, i.e. which of the "levels" would be the most appropriate approach for regulation (or not regulation). Input from the citizen forum will be assembled in written form for the record. If deemed appropriate, the Commission may direct staff to prepare an ordinance of additional regulation of short-term rentals in residential zones and another for the treatment of STRs in commercial zones.

#### **Suggested Format for Citizen Forum**

Proposed Meeting Format;

Public Discussion Regarding Short Term Rentals in Salida

- (1) Introduction, purpose of meeting, definition of short term rentals
- (2) Summary of Status of Short Term Rentals (Vacation House Rentals) in Salida
- (3) What the City has done to date to address the issue:
  - a. Work Sessions with Planning Commission and City Council early 2016
  - b. City Council adoption of Ordinance No. 11, 2016 requiring that all renters of STRs apply for a short term rental business license prior to using the home as a STR. Includes mandatory inspection by Fire Department.
  - c. City Council adopted Ordinance No. 13, 2016 creating a moratorium on issuing new business licenses for the use of any property within residential zones for the purpose of short term rentals
  - d. Planning Commission work session regarding further action on the treatment of short term rentals; both in commercial and residential zones
- (4) Break out to discussion tables: "What do you feel about short term rentals? What are the pros and cons?" (each table has a PC facilitator and a note taker on large format note pad)
- (5) Large group gathering: summary report from each table

#### **References**

Vacation Home Rentals. Issues, Emerging Trends, and Best Practices. Rees Consulting, Inc. June 2015

Estes Park, CO 2015: Short Term Rentals. Frank Lancaster, Town Administrator. 2015

Short Term Rental Housing Restrictions. Robinson and Cole. 2011

Short Term Vacation Home Rentals: Impacts on Workforce Housing in Breckenridge. Rees Consulting. June, 2011

<b>Regulation of Vacation Home Rentals in Colorado Mountain Towns</b>					
<b>Prepared by Beverly J. Kaiser for Salida Planning Commission</b>					
	Silverton	Breckenrid	Durango	Steamboat	Crested B
<b>Permits, Duration of use, Number of renters:</b>					
VHR occupancy duration; one tenant per 7 consecutive days	√				
Number of VHR occupants; maximum number limited by parking requirement and 2 person/bedroom plus two additional renters overall	√				
Maximum number of occupants not to exceed 3 persons/parking space, or 2 persons/bedroom			√		
Number of guests = one per 200 sf of net floor area up to sixteen				√	
<b>Registration, permits</b>					
VHR may alternatively be used as full-time residency			√		
Guest registration required (all names and numbers of persons) kept in the possession by the property manager or owner and made available for inspection by the Town	√				
Designated local property manager (or owner) available 24 hours during rental and reside within 15 min. drive of the rental property	√	√	√		
Identification of a management contact person or entity within the County					√
Name, address and telephone number of local contact person submitted to the town and made available to the Police Dept. (updated immediately upon any change)	√	√	√		
Local contact person (property manager or owner) posted in rental unit	√	√			
Permits not transferable; granted solely to the applicant, only for the applied for address	√		√		
All required taxes, fee, and permits must be obtained prior to use as VHR	√	√	√	√	√
Special conditions and rules RE VHR to be posted in rental unit including parking, trash		√	√	√	
Site plan required with application	√			√	
Floor plan required with application				√	
Yearly license fee (\$75 to \$150) based on number of bedrooms		√			
Yearly license fee based per sleeping room				√	
Revocable license for unlimited short term rentals					√
<b>General appearance, noise, trash:</b>					
Preserve the exterior residential character of the home and accessory buildings	√		√		
No unreasonable noise in violation of town code		√		√	
No outdoor activity at which more than twice the permitted number of occupants present				√	
Prohibition of loud noises and parties after 10:00 pm	√				

No nuisances permitted in conformance with town code		√		√	
Exterior lighting to be approved by the Town to assure preservation of residential character nor create traffic hazard	√		√		
Outdoor sleeping not permitted				√	
Adequate rubbish storage and removal					√
No tents or other outdoor structure, whether deemed temporary or permanent				√	
<b>Parking regulations:</b>					
Minimum of two parking spaces per VHR home				√	
On-street parking adjacent to the rental property only, not blocking fire hydrants, alleys, street, traffic	√				
No motor vehicles parked on the lawn or landscaped areas		√			
No motor vehicles parked in the public street right of way		√			
All parking on the same lot or in a specifically leased space in a lot for specific zones			√		
All parking entirely on the same lot (garage or driveway)			√		
Motor vehicles parked only on site or in a town designated parking area		√			
No person may stay overnight in any motor vehicle parked at the VHR		√			
All vehicles parked shall comply with limitations in the town code for the zone		√			
No privately owned vehicle with capacity of 16 persons or more shall be used to transport persons to or from a single-family VHR, or parked upon the premises		√			
Any RVs, motorcycles, recreational vehicles, recreational machines permitted on off street paved parking areas only			√		
No more than 4 vehicles may be parked overnight on the property outside of garages				√	
Maximum of 6 vehicles permitted on the property outside of garages if approved with site plan				√	
On-street parking adjacent to the rental property only, not blocking fire hydrants	√				
Parking areas not located in emergency access easements				√	
VHRs in the central business zone with three or more bedrooms may reduce required parking by one space if # of vehicles allowed is restricted to # of spaces provided			√		
Adequate parking					√
<b>Misc. regulations:</b>					
Fire extinguishers in good working condition required in the VHR unit	√		√		
Storage and disposal of trash shall comply with town code		√			
All VHR units must have bear-proof trash containers and curbside recycling containers on site			√		

No commercial kitchens formalized by Dept. of Env. Health				√	
No on-site food preparation for persons other than the allowed occupants, guests				√	
No advertising of the property for any prohibited use				√	
Adequate instruction to tenants regarding solid fuel-burning devices and parking restrictions					√
<b>Restrictions RE number of VHR homes and locations:</b>					
Permitted as limited uses in certain zones only			√		
Total number of VHRs limitations in certain residential zones			√		
Limit of one VHR per lot abutting a street in certain zones			√		
Limit of one VHR on corner lots in certain zones			√		
VHRs are only permitted in PD zones that specifically list VHRs as an allowed use			√		
Applicable to residential zone districts only	√			√	
Applicable to single family residential zone only		√			
Applicable to residential, mixed use, and Planned Development zones			√		
Applicable to residential and mixed use zones					√