

DATE: July 12, 2016

STAFF: Ginny Sawyer, Policy and Project Manager

WORK SESSION ITEM

City Council

SUBJECT FOR DISCUSSION

Short Term Rentals (STRs).

EXECUTIVE SUMMARY

The purpose of this item is to review draft regulatory concepts and public feedback regarding short-term rentals (STRs.) Council and staff have been studying STRs, including potential impacts, benefits, and community desire in advance of considering an ordinance to regulate the activity.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. What, if any, changes would Council like to add to the proposed regulatory concepts?
2. Does Council support consideration of an ordinance on September 6, 2016?

BACKGROUND / DISCUSSION

Short Term Rental (STR) refers to rental agreements for less than 30 days. With the creation and growth of online platforms, the STR market has become much more mainstream and widespread. Vacation Rentals by Owner (VRBO) and Airbnb are two of the most widely known and used companies supporting the online short term rental market, however, many other platforms exist. Staff and Council have been working to scope and define the potential positive and negative impacts of a growing STR market and potential regulations. Work to date includes:

- June 9, 2015 Council Work Session-direction:
 - Utilize tools City already has in place
 - Better define problem and problem severity
 - STR definition and more outreach
- October 27, 2015 Council Work Session-direction:
 - Create draft regulatory framework
 - Continue public outreach
- February 23, 2016 Council Work Session
 - Regulatory ideas presented

Since February, staff has further refined regulatory concepts and continues to seek public feedback. The proposed framework includes definitions and a revocable, non-transferrable licensing mechanism with minimum standards.

Concepts are described below:

Short Term Rentals-Definition

While all rentals for less than 30 days are considered STR, staff is proposing the following also apply:

- STRs may only rent to a single party at a time (not multiple parties like a B&B or hotel)
- STR are not open to the public (cannot walk in off the street)
- No signage

There are two distinct types of STRs to be defined:

Short Term Rental-Primary

- STR is the owner's primary residence as verified through billing information or voter registration.

Short Term Rental-Non-Primary

- Non-primary residence STRs may have owners that are in town or out of town but who do not live at the residence.

Taxes

Anyone operating a STR unit must obtain sales and lodging tax licenses from the City's Finance Department.

Licensing

License:

- License is for the person not the property.
- License is non-transferrable and revocable.
- License number would be required to be included on all advertising.

Licensing Process:

- Application
- Written notice to neighbors for non-primary STR
- Affidavit of smoke and CO2 alarms
- Proof of ownership/residence
- Proof of insurance
- Confirmation of required parking
 - Primary STR: 1 per 2 bedrooms plus one for owner
 - Non-Primary: 1 for every 2 bedrooms

Other Considerations:

- \$200 Fee/ \$100 renewal
- Renewal required at one-year and then every two years following
- City provided "Rules and Norms Sheet" available in all STRs (**Attachment 1**)
- Waiving of fee for handicap accessible STRs (City would provide a checklist of required attributes and owner would provide photos and sign affidavit of proof)

Limitations:

- No more than three Non-Primary licenses per person
- No more than one STR per block face in the NCM and NCL zones
- HOAs can continue to prohibit

Concentration limits are proposed in the Neighborhood Conservation Medium and Low Density zones due to proximity to CSU, downtown and other attractions, and the number of STRs currently operating in these zones.

Those that have been operating since January 2016 would be allowed to apply for a license even if it exceeds the concentration limit.

Enforcement

Enforcement policies have not been discussed at length; however, any ticket issued at a property would be tracked under the City's current public nuisance process and considered at time of license renewal. Fort Collins has been contacted by emerging businesses focusing on STR host compliance. These services range from \$8K annually for address identification to \$21K annually for proactive monitoring and a 24/7 hotline for neighbors.

Public Outreach

Staff hosted a public meeting/open house on June 22 to present the outlined regulatory ideas. Approximately 45 people attended. Throughout the month of June there was also an online feedback form to rate and comment on the ideas. Feedback results can be viewed at [Feedback Results](#). A shorter summary (no comments) is included (**Attachment 2**).

Citizen input continues to be divided. The STR operators participating in the outreach process tend to be those currently utilizing best practices and supporting some level of regulation. Some of those opposed to STR activity have had negative experiences ranging from over-parked streets, loud noise/dogs, and general disrespectful guests. Others in opposition feel strongly that STR activity is a commercial activity that is benefitting from quality neighborhoods while not returning anything to the neighborhood.

The most divided opinions involve allowable zones and concentration limits and the non-primary STR use. See below for general stakeholder desires.

REGULATION	DRAFT PROPOSAL	MORE LENIENT	MORE RESTRICTIVE
Non-Primary STR	Allow in all zones; limit to 3 per person	Don't limit to 3	Don't allow in residential zones; limit to less than 3
Neighbor Notification	Mailing and Dev. Review sign for Non-Primary	Mailing only; no development review sign in yard	Require for both Primary and Non-Primary STRs
Concentration Limit	One per block face in NCM and NCL	Non-Primary only	Both primary and non-primary; would prefer 3% of census tract and/or proximity criteria
Zoning Limitations	None, only the concentration limit	Allow in all zones	Define use by zone and do not allow in all zones
Fees	\$200/\$100 renewal	High, especially for Primary STR	Non-Primary fees should be higher

Other Communities

Staff has highlighted other community actions here and in previous work sessions. (**Attachment 3**) Since October, both Denver and Boulder have adopted ordinances. Boulder is in the implementation phase and has chosen to not allow non-primary resident STRs; however, many ads are still active. Boulder application fee is \$130 and is not conducting any on-site inspections.

Denver prohibits non-primary STRs; the program includes a \$25 annual fee and no on-site inspection.

Next Steps

Staff has reserved a spot on the September 6, 2016 regular meeting for consideration an ordinance regarding regulations of STRs. If Council supports this timeline, a draft ordinance will be made available for public review by August 15.

ATTACHMENTS

1. Fort Collins Norms and Rules Sheet (PDF)
2. Short Report for STR Feedback Form (PDF)
3. STR Comparison Matrix (PDF)
4. Powerpoint presentation (PDF)

ATTACHMENT 1 FORT COLLINS NORMS AND RULES

Welcome to Fort Collins! We have a great community here and as we see more short-term rental visitors there are a few things nearby neighbors would like the City of Fort Collins to let you know.

Noise

The noise ordinance is in effect 24/7 and takes into account the type of noise and time of day. Your neighbors may not be on vacation so please be considerate if windows are open, people are coming and going, or if you or any pets are outside on the property.

Parking

While street parking is all public, people do like to park in front of or near their home. Please be considerate of all neighbors and use as much off-street parking as you have available.

Trash

Trash containers must be screened from view and can only be out on the street 12 hours prior to and after pick-up. Fort Collins has curbside single stream recycling that takes glass bottles and jars, aluminum, paper, cartons (like milk) and plastic.

Call of Doodie

Please pick-up after your dog and keep your dogs leashed.

Snow and Sidewalks

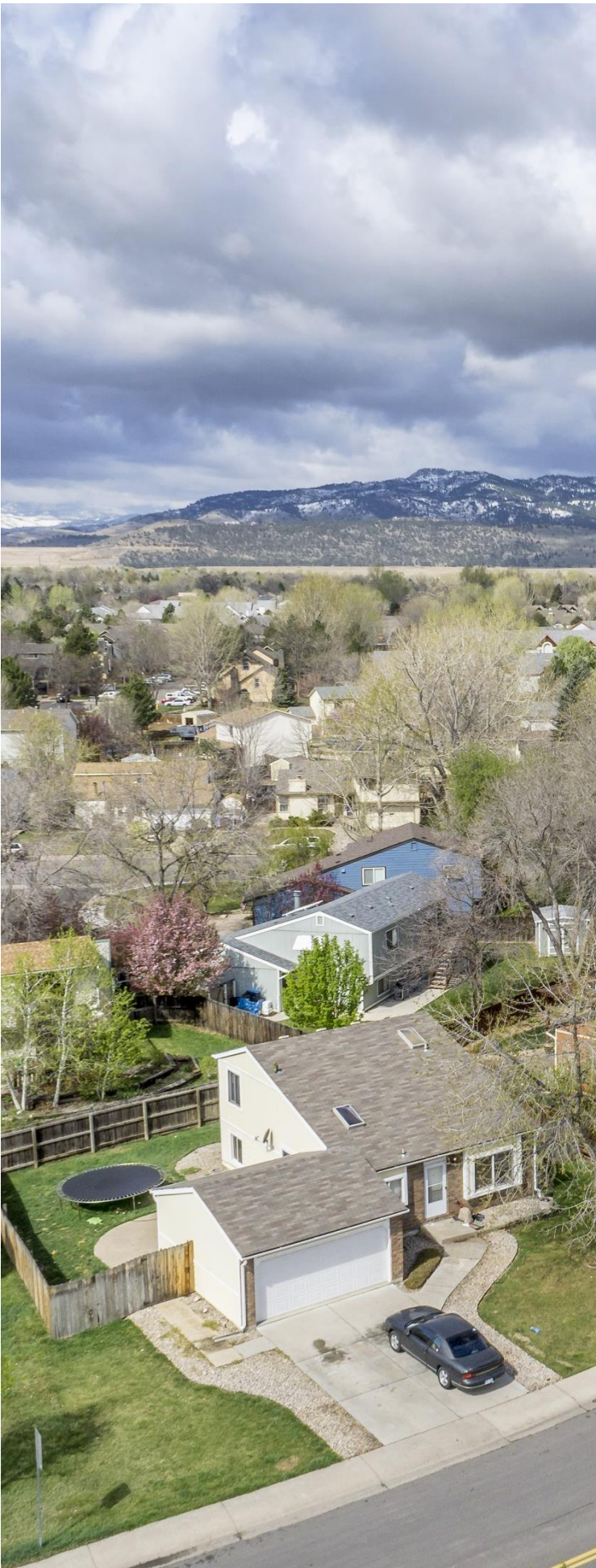
If you are visiting during the winter (or spring!) months you may see snow. Residents are responsible for clearing their sidewalks of all ice and snow within 24 hours of snow accumulation.

Mosquitos and West Nile Virus

If you are here in the summer months, please adhere to the Four D's - Drain any standing water; Dress to avoid mosquito bites; DEET-or other types of repellent when outside; Dawn/Dusk-is high mosquito time so limit time outdoors.

Good Numbers to Know

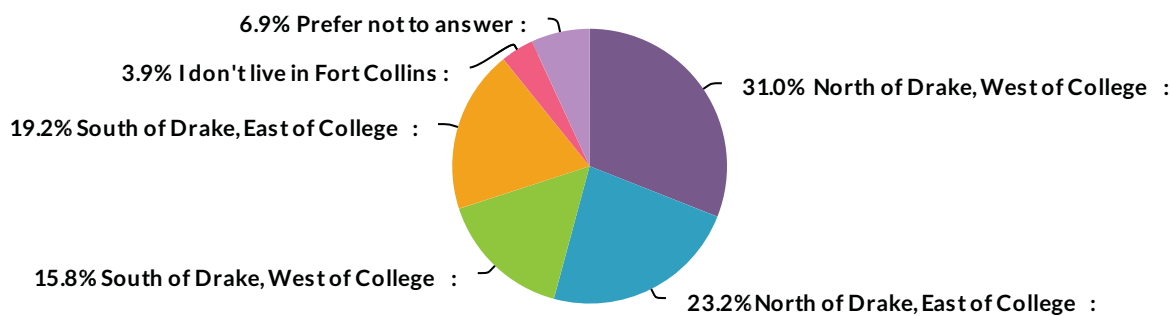
Emergencies: 911. You can also text 911
Police non-emergency: 221-6540. Auxiliary aids and services are available for persons with disabilities. V/TDD-711.









1. Response Counts

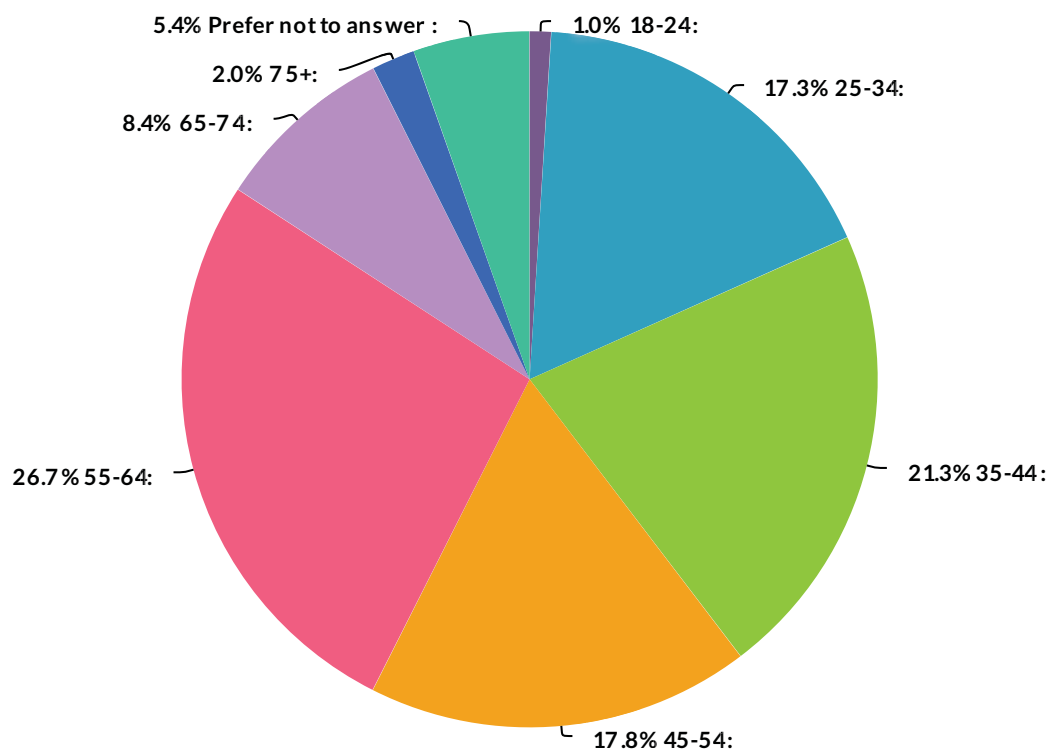
Completion Rate:	0%	
	Complete	0
	Partial	0
	Disqualified	0
		Total 0









2. Where in the City do you live?



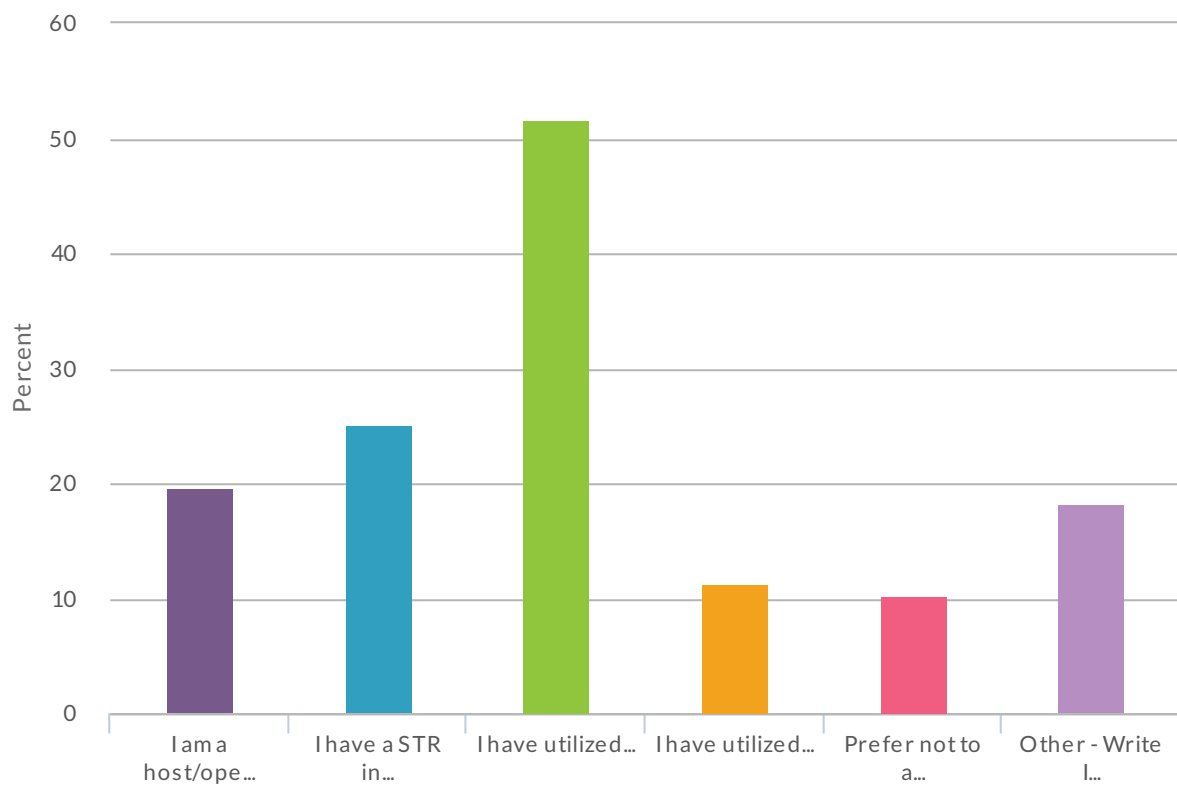
Value	Percent		Count
North of Drake, West of College	31.0%		63
North of Drake, East of College	23.2%		47
South of Drake, West of College	15.8%		32
South of Drake, East of College	19.2%		39
I don't live in Fort Collins	3.9%		8
Prefer not to answer	6.9%		14
Total			203







3. How old are you?



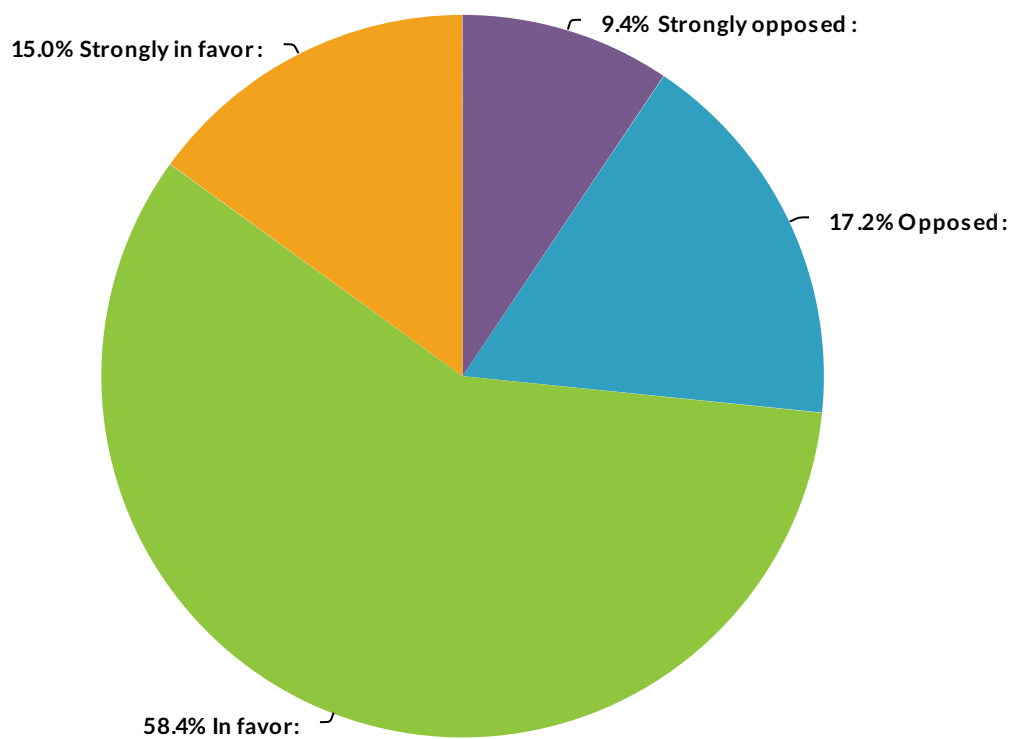
Value	Percent		Count
18-24	1.0%		2
25-34	17.3%		35
35-44	21.3%		43
45-54	17.8%		36
55-64	26.7%		54
65-74	8.4%		17
75+	2.0%		4
Prefer not to answer	5.4%		11
Total			202





4. What is your interest and/or experience in short term rentals (choose all that apply)?



Value	Percent		Count
I am a host/operator of a STR	19.7%		40
I have a STR in my neighborhood	25.1%		51
I have utilized STRs elsewhere	51.7%		105
I have utilized STRs in Fort Collins	11.3%		23
Prefer not to answer	10.3%		21
Other - Write In	18.2%		37

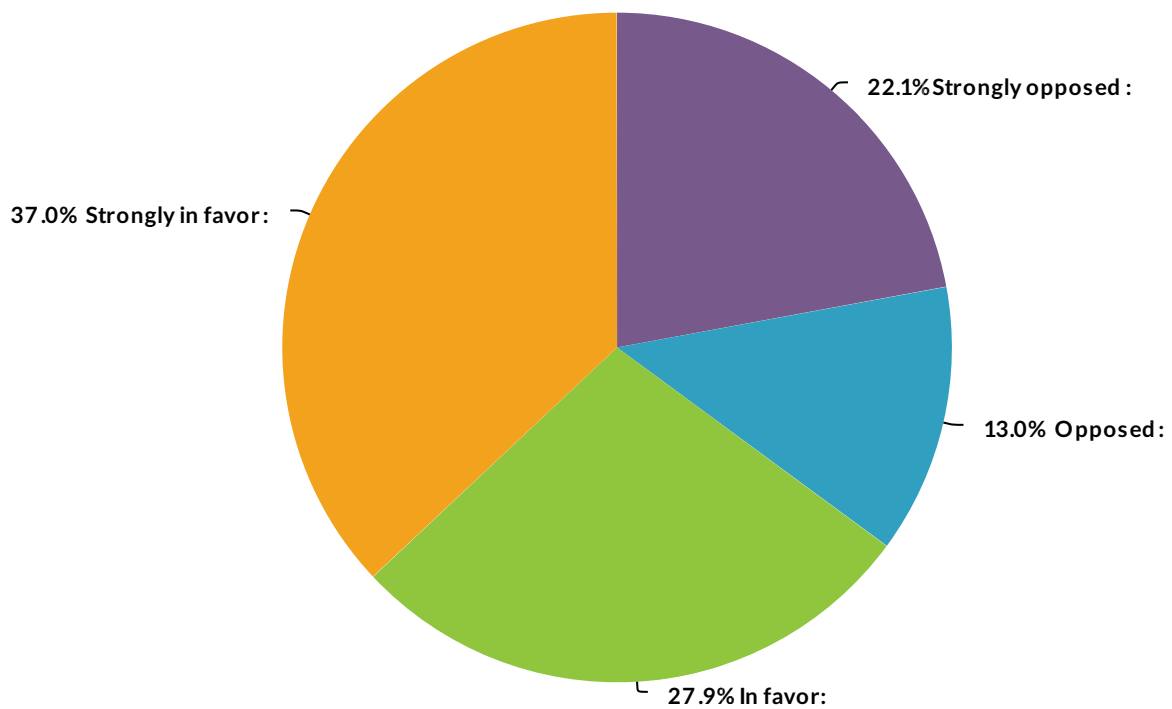
5. What is your opinion on the proposed definitions?







Value	Percent		Count
Strongly opposed	9.4%		17
Opposed	17.2%		31
In favor	58.3%		105
Strongly in favor	15.0%		27
Total			180

6. What comments do you have on the definitions above?

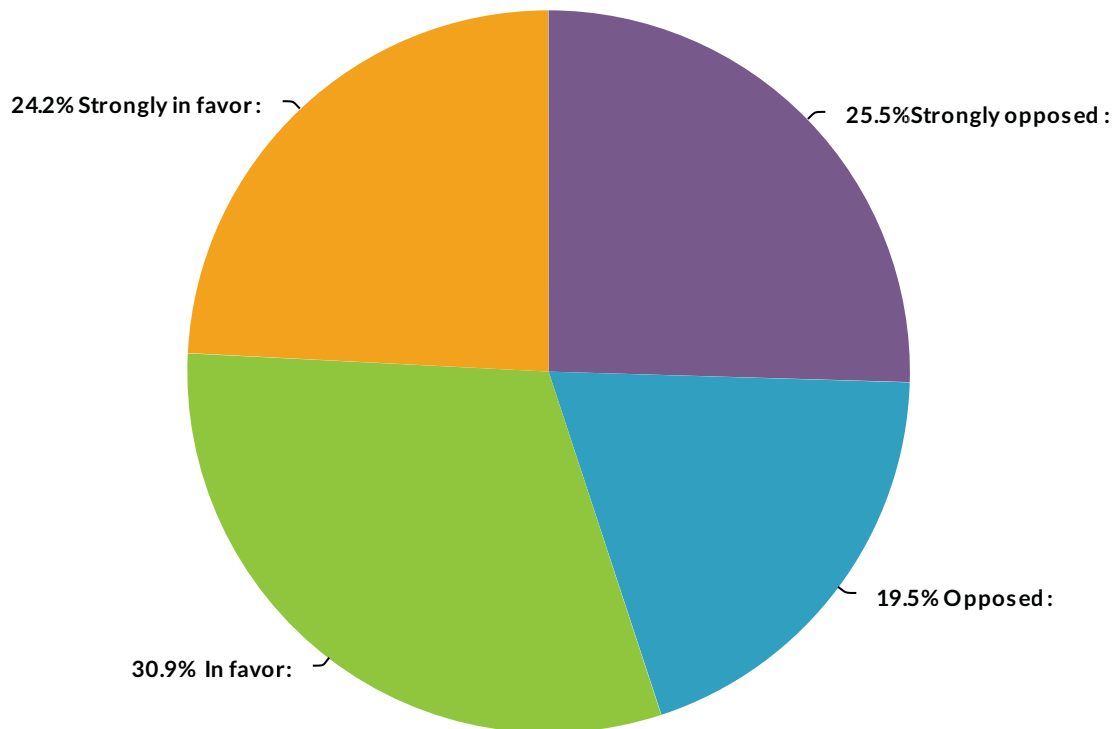
7. What is your opinion on the need to obtain a sales and lodging tax license?







Value	Percent		Count
Strongly opposed	22.1%		34
Opposed	13.0%		20
In favor	27.9%		43
Strongly in favor	37.0%		57
Total			154

8. What comments do you have regarding sales and lodging tax licenses?

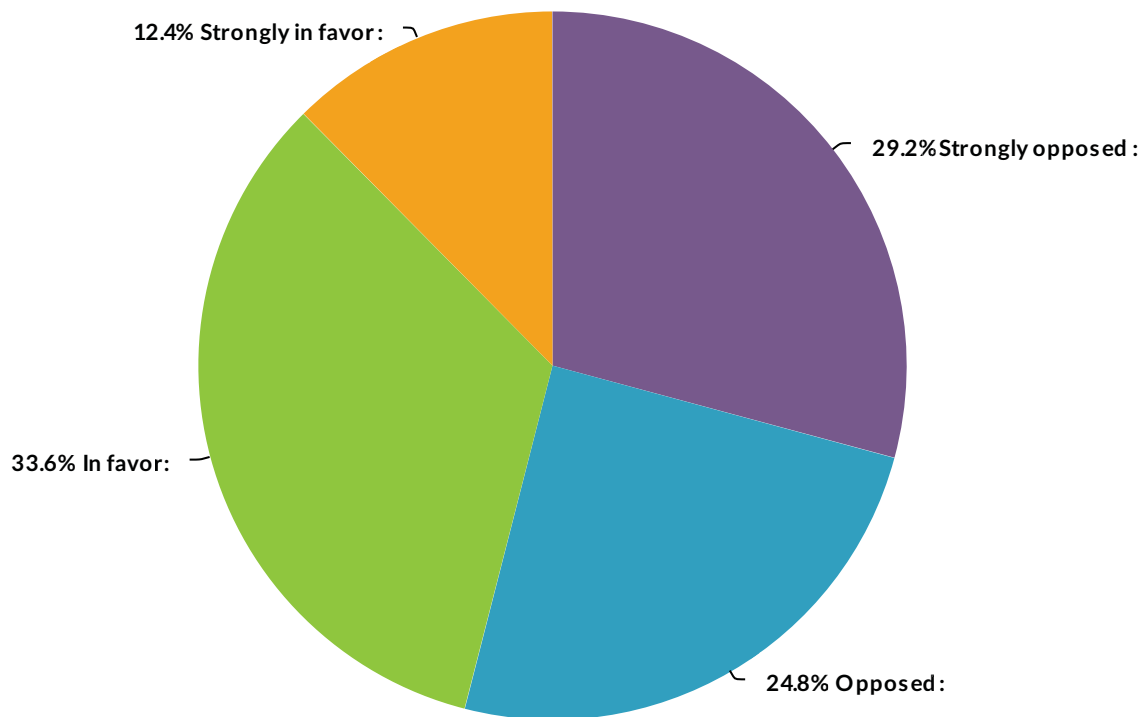
9. What is your opinion on the proposed short term rental license process?







Value	Percent		Count
Strongly opposed	25.5%		38
Opposed	19.5%		29
In favor	30.9%		46
Strongly in favor	24.2%		36
Total			149

10. What comments do you have on the licensing process?

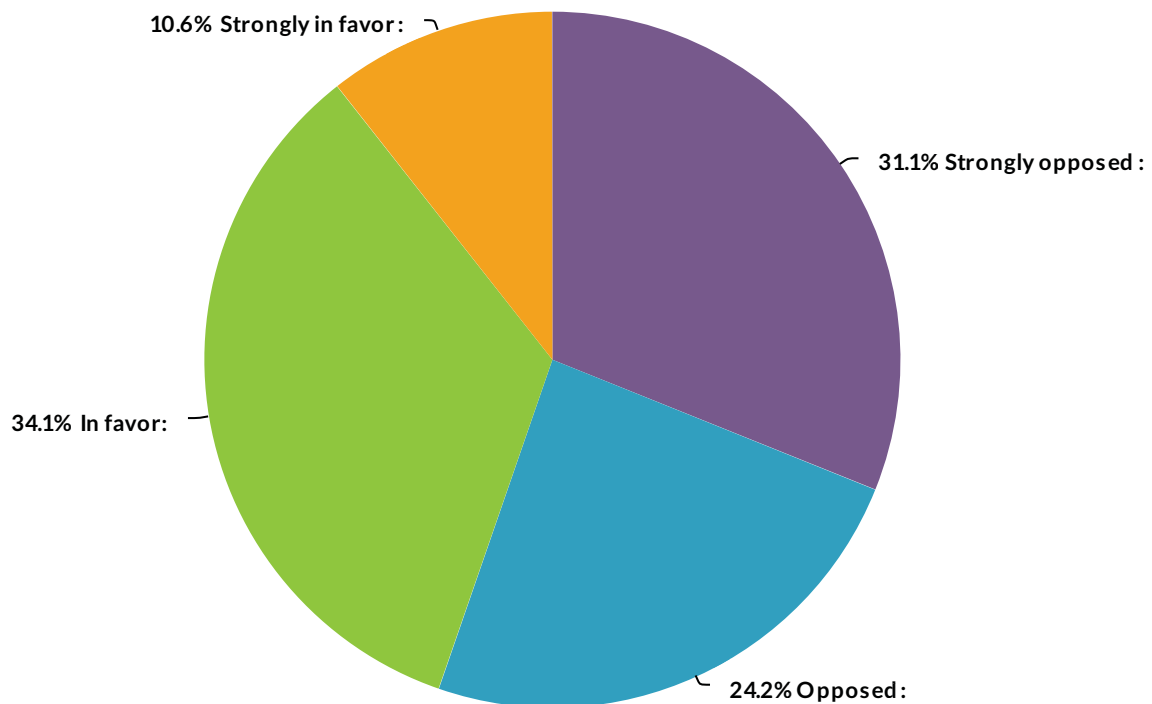
11. What is your opinion on the proposed concentration limits?







Value	Percent		Count
Strongly opposed	29.2%		40
Opposed	24.8%		34
In favor	33.6%		46
Strongly in favor	12.4%		17
Total			137

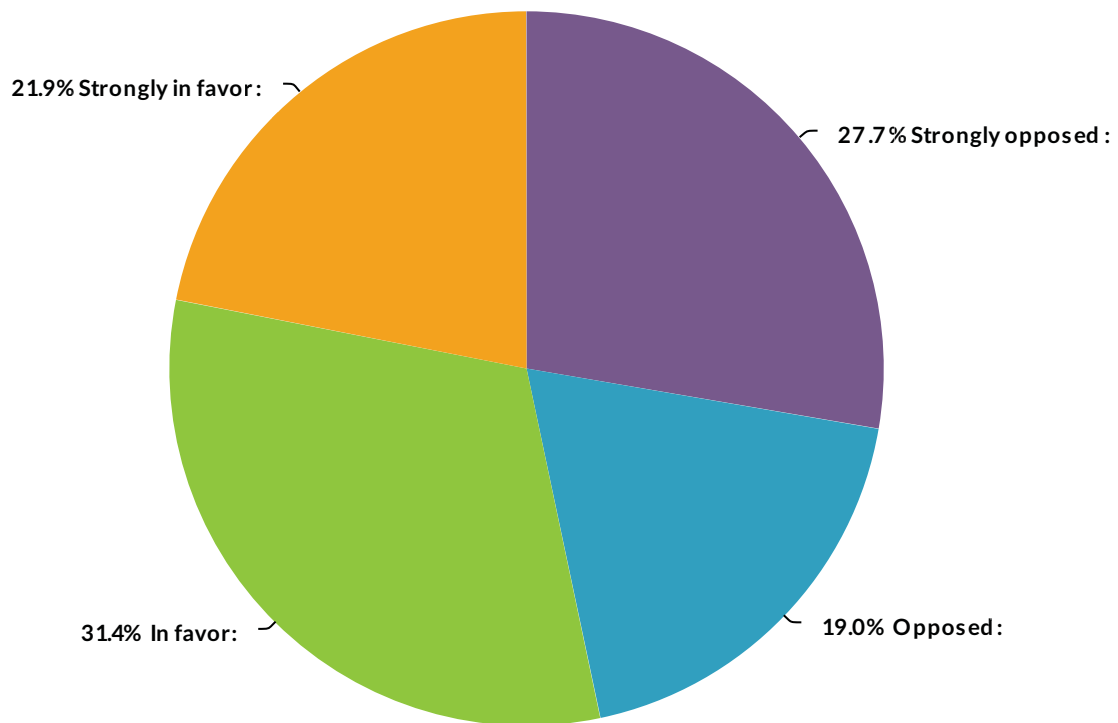
12. What comments do you have on the concentration of short term rentals?





13. What is your opinion on the proposed fees?



Value	Percent		Count
Strongly opposed	31.1%		41
Opposed	24.2%		32
In favor	34.1%		45
Strongly in favor	10.6%		14
Total			132

14. What is your opinion on allowing a maximum of three non-primary short term rentals per owner?



Value	Percent		Count
Strongly opposed	27.7%		38
Opposed	19.0%		26
In favor	31.4%		43
Strongly in favor	21.9%		30
Total			137

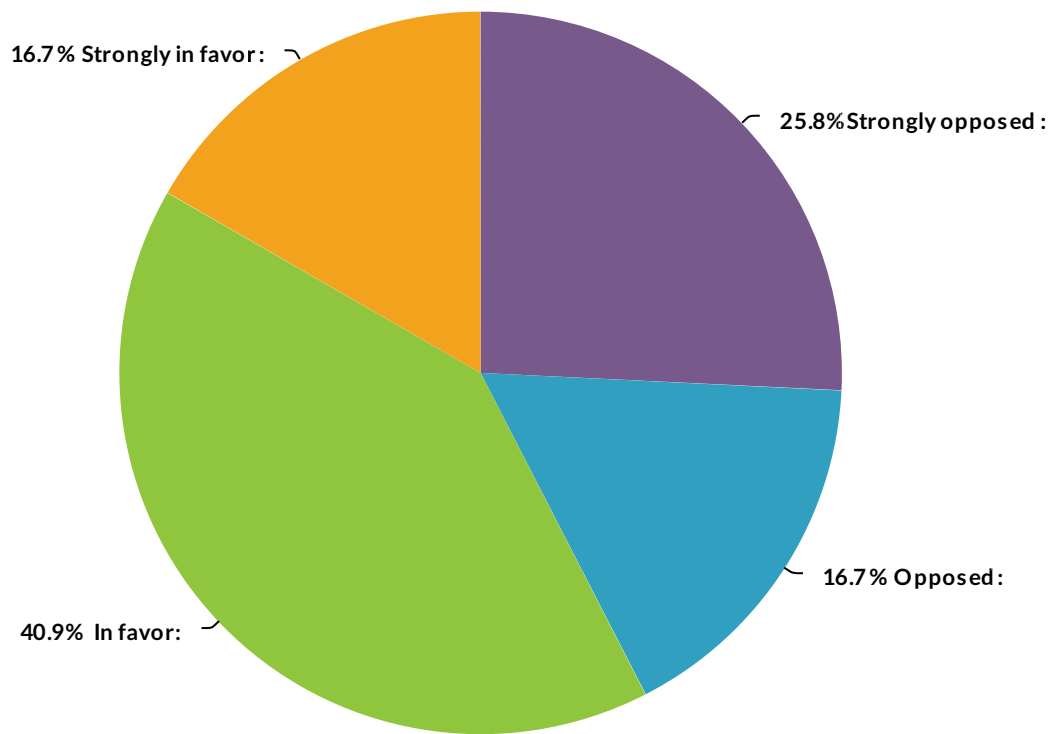
15. What comments do you have regarding the proposed fee schedule?

16. What is your opinion on the various options presented above?

	Strongly Opposed	Opposed	In favor	Strongly in favor
Parking	28 20.7%	31 23.0%	45 33.3%	31 23.0%
Safety	17 12.6%	13 9.6%	54 40.0%	51 37.8%
Proof of insurance	21 15.7%	16 11.9%	53 39.6%	44 32.8%
Contact information	17 12.8%	15 11.3%	46 34.6%	55 41.4%
City provided rules and norms sheet	17 12.7%	13 9.7%	45 33.6%	59 44.0%

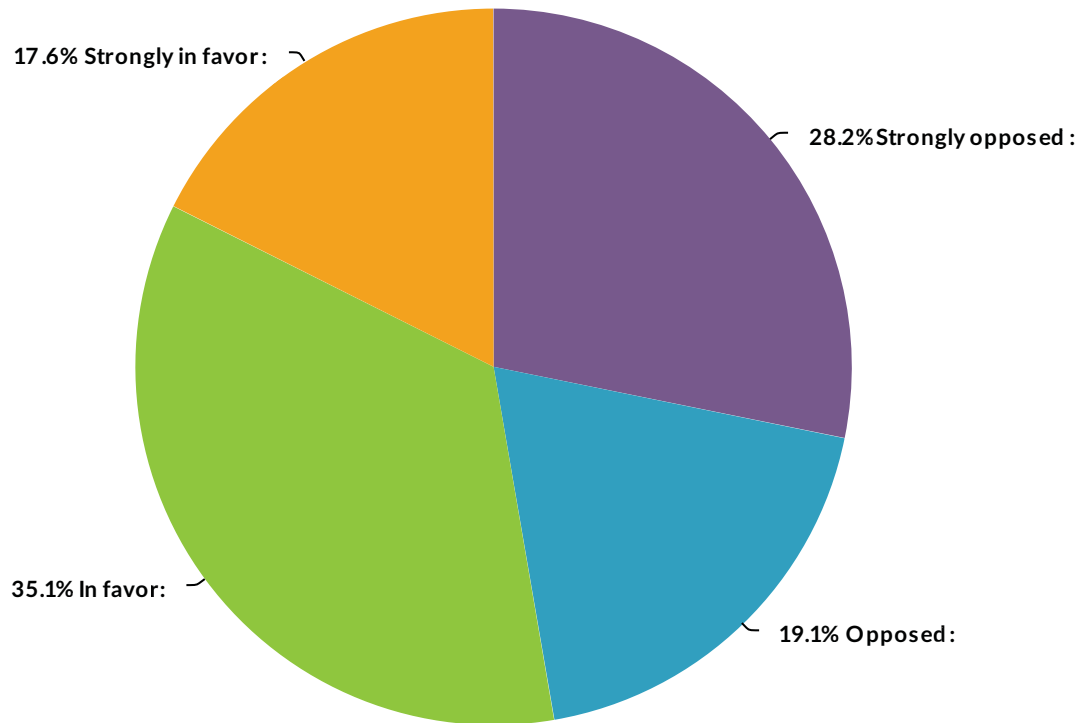
17. What comments do you have on the proposed other requirements?





18. What is your opinion on the proposed lapse procedure?



Value	Percent		Count
Strongly opposed	25.8%	<div><div></div></div>	34
Opposed	16.7%	<div><div></div></div>	22
In favor	40.9%	<div><div></div></div>	54
Strongly in favor	16.7%	<div><div></div></div>	22
Total			132

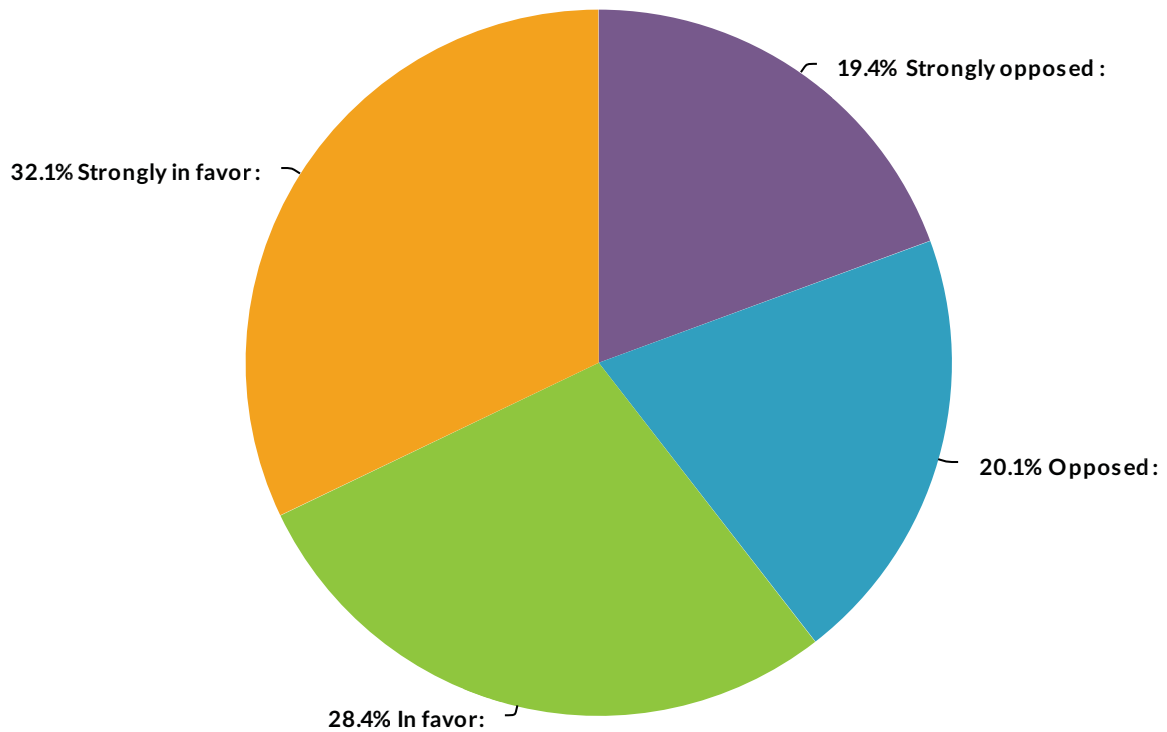
19. What is your opinion on the proposed renewal procedure?



Value	Percent		Count
Strongly opposed	28.2%		37
Opposed	19.1%		25
In favor	35.1%		46
Strongly in favor	17.6%		23
Total			131

20. What comments do you have on the proposed lapse and renewal provisions?

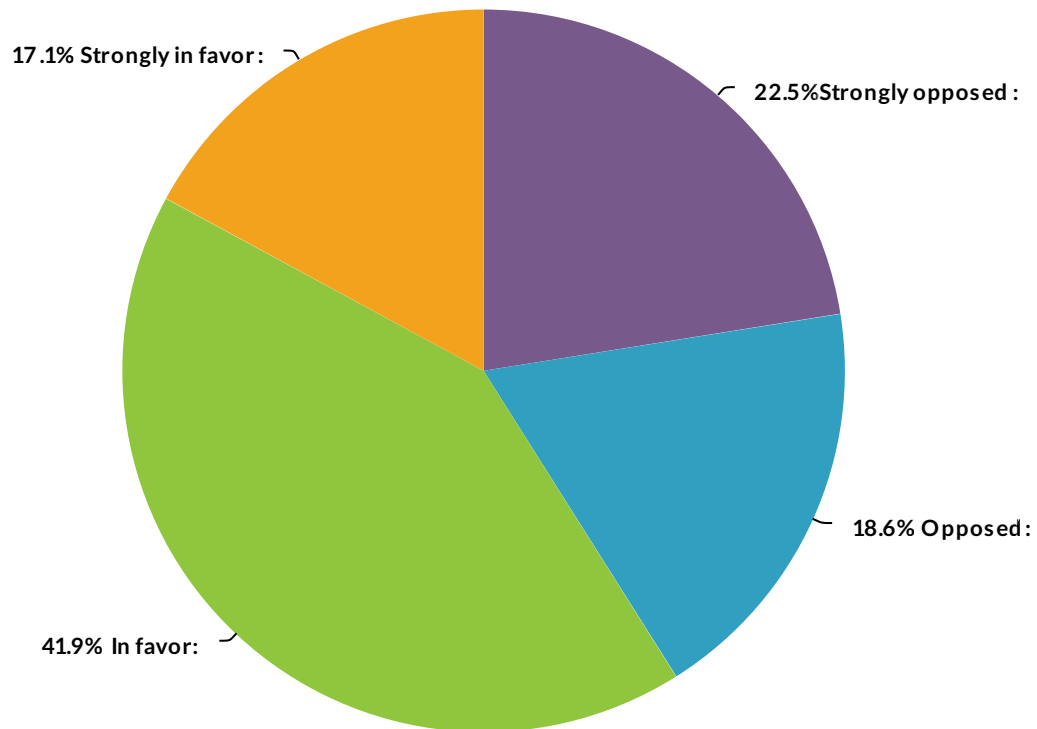
21. What is your opinion on the proposed violation procedure?



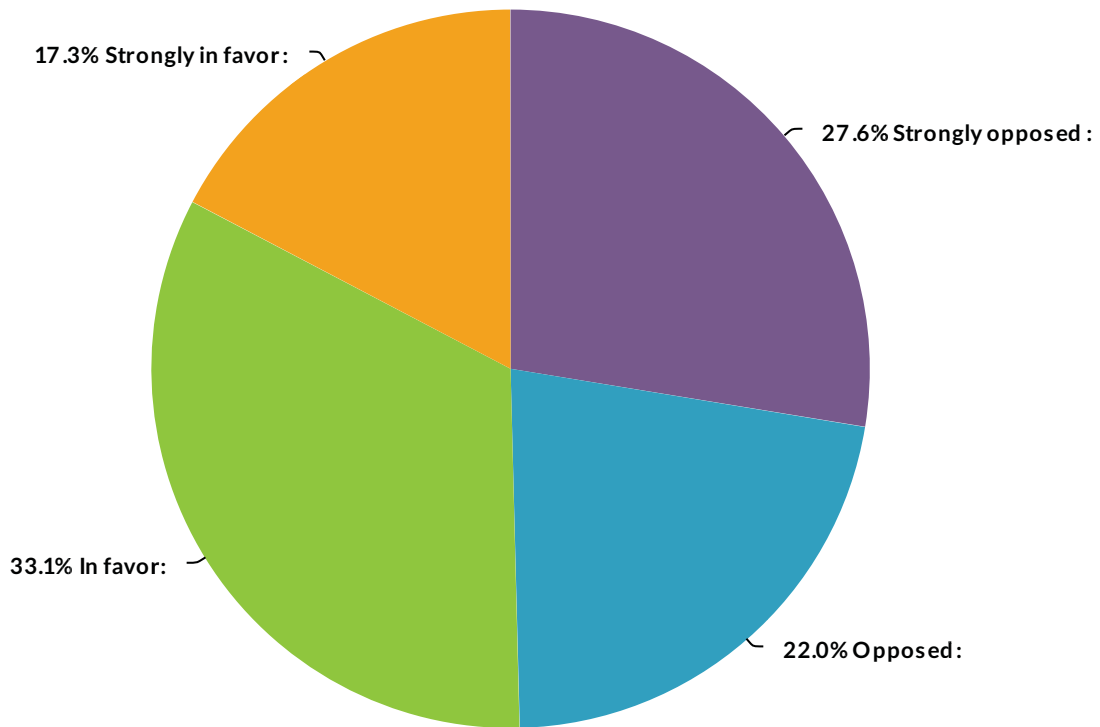
Value	Percent		Count
Strongly opposed	19.4%	<div><div></div></div>	26
Opposed	20.1%	<div><div></div></div>	27
In favor	28.4%	<div><div></div></div>	38
Strongly in favor	32.1%	<div><div></div></div>	43
Total			134

22. What comments do you have regarding violations?

23. What is your opinion on the way currently operating short term rentals will be handled?

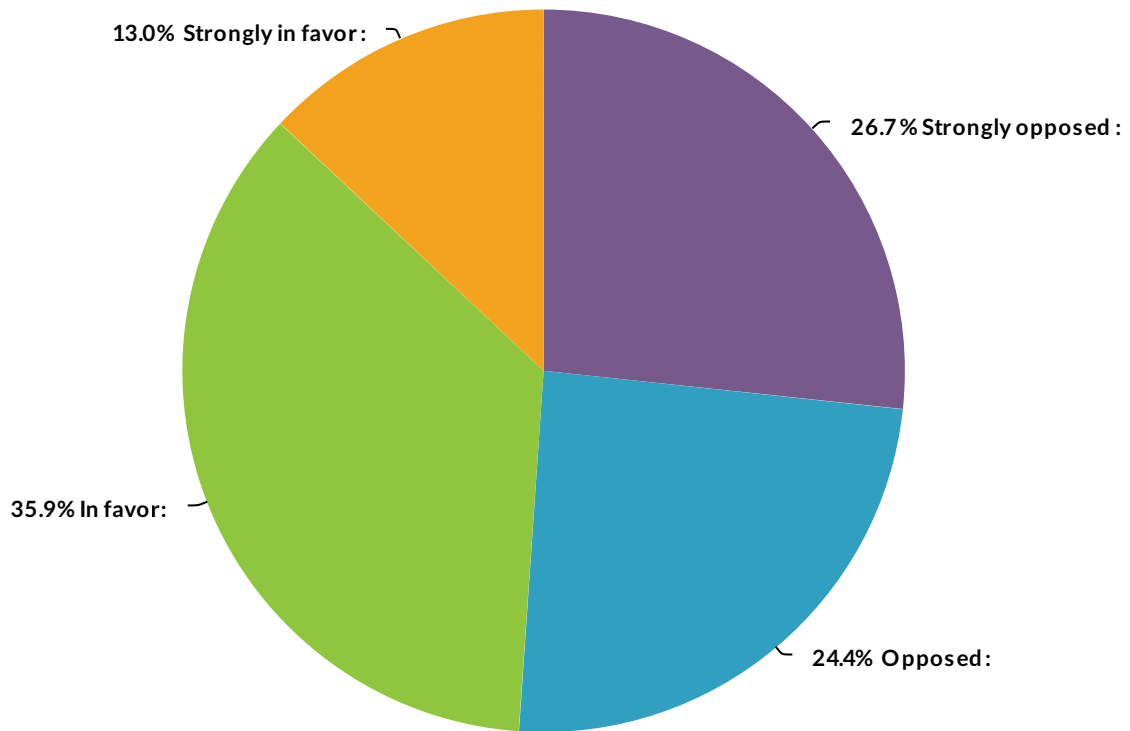


24. What is your opinion on waiving application fees if a short term rental is handicap accessible?



25. What comments do you have regarding currently existing short term rentals and handicap accessibility?

26. Overall, what do you think about the proposed short term rental regulations?



27. What other comments do you have about the proposed short term rental regulations?

SHORT TERM RENTAL COMPARISON MATRIX

ATTACHMENT 3

CITY	PRIMARY RESIDENCE	NON-PRIMARY RESIDENCE	TAX REQUIRED	LICENSE REQUIRED	N’BOR NOTIFICATION	CONCENTRATION LIMIT	ZONING LIMITATIONS	OTHER	FEES
FORT COLLINS	Yes	Yes. No more than 3 per person	Sales and Lodging	Yes, non transferrable	Yes	1 per block face in NCM & NCL	No, except for concentration limits		\$200 first time; \$100 2-year renewal
BOULDER	Yes	No	Yes	Yes, non transferrable	No	No	Occupancy limits determined by zone		\$130 first time; \$105 for 4 year license
DENVER	Yes	No	Yes	Yes, non transferrable	No	No	No		\$25 annually
DURANGO	Yes	Yes	No? no mention on website.	Yes, non transferrable	Yes, 300 ft radius	Yes, concentration limits by zone including total number & by block face	Yes, only allowed in certain zones	Site visit and inspection. Property posted. Parking requirements.	\$750 first time
NASHVILLE	Yes	Yes	Yes	Yes, non transferrable	Only to n’bors sharing common wall or driveway	Yes,Non-Primary only; 3% limit by census tract		No more than 4 sleeping rooms.	\$50 annual
SANTE FE	Yes	Yes	Not originally, just started.	Permit in Residential zones; Registration in nonresidential zones	Yes, within 200 ft	Cap of permits in some areas; number may be revisited and changed whenever cap is met; Some units may not be rented more than 17x a year; no directly adjoining units	Yes	Inspections	\$100-\$325 annually depending on type



City Council Work Session

Short Term Rentals (STRs)
July 12, 2016

Ginny Sawyer
Ted Shepard

1. What, if any, changes would Council like to add to the proposed regulatory concepts?
2. Does Council support consideration of an ordinance on September 6, 2016?

Best Approximation:

- § ~ 300 listings among multiple sites
- § ~ 103 existing STR sales and lodging tax licenses
- § ~ .44% of housing stock

- § Exact address and owner contact information is not available on Airbnb and limited on other sites

- § Listings are inconsistent, hard to search, with overlap between sites

June 9, 2015 Council Work Session-direction:

- Utilize tools City already has in place
- Better define problem and problem severity
- STR definition and more outreach

October 27, 2015 Council Work Session-direction:

- Create draft regulatory framework
- Continue public outreach

February 23, 2016 Council Work Session-direction:

- Continue with the definitions including Primary and Non-Primary residence.
- Move forward with options that:
 - Ensure appropriate tax collection
 - Address concentration and dispersion of STRs
 - Aren't overly regulatory but still position Fort Collins to be nimble and address issues as needed now and in the future

Short Term Rental: Any rental less than 30 days

- STRs may only rent to a single party at a time
- STR are not open to the public (can't walk in off the street)
- No signage

Short Term Rental-Primary: STR is the owner's primary residence as verified through billing information or voter registration.

Short Term Rental-Non-Primary: Owner does not live at the residence.

Taxes:

Anyone providing STRs must obtain Sales and Lodging tax licenses from the City's Finance Department.

Licensing:

- License is for the person not the property.
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- License number would be required to be included on all advertising.

Licensing Process:

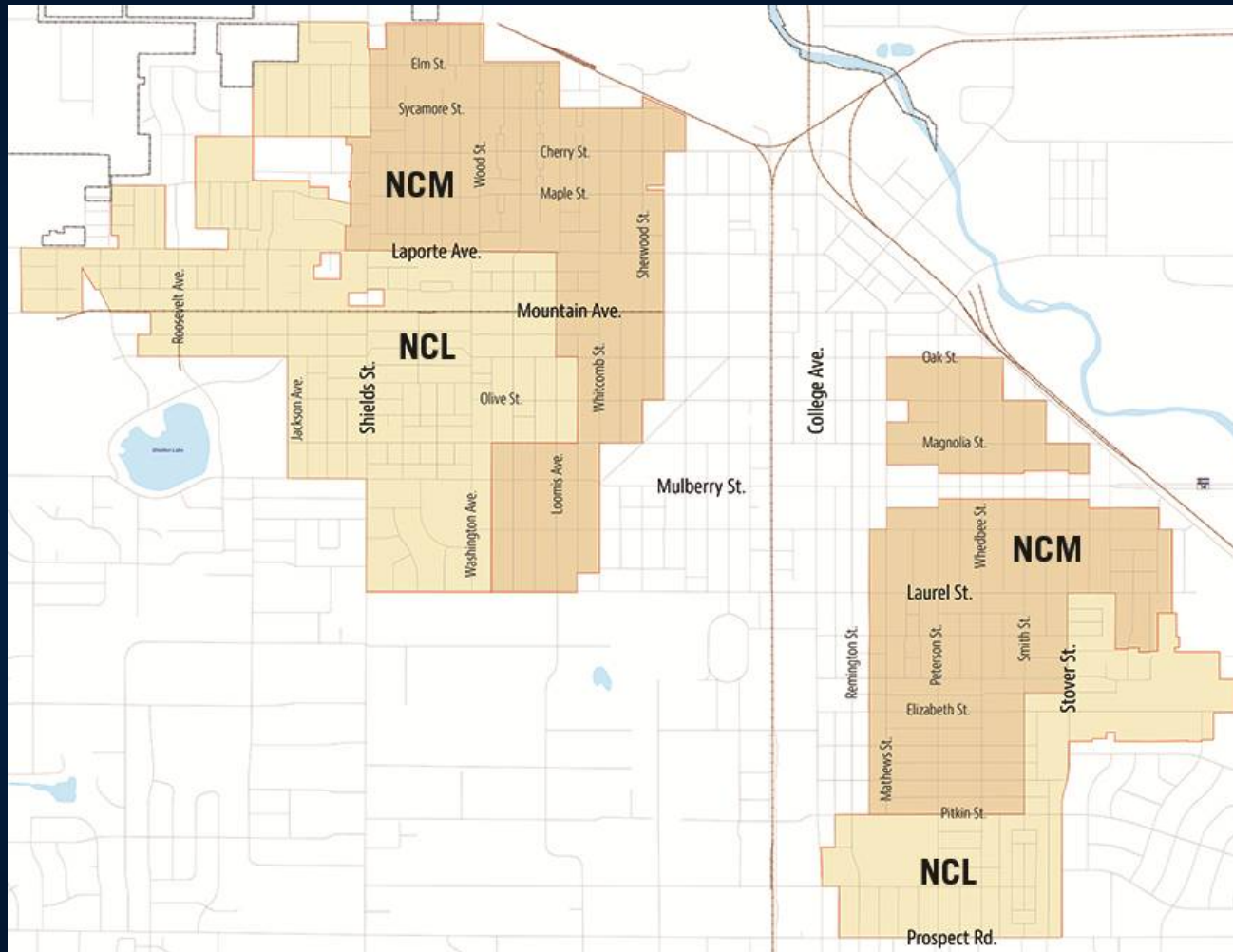
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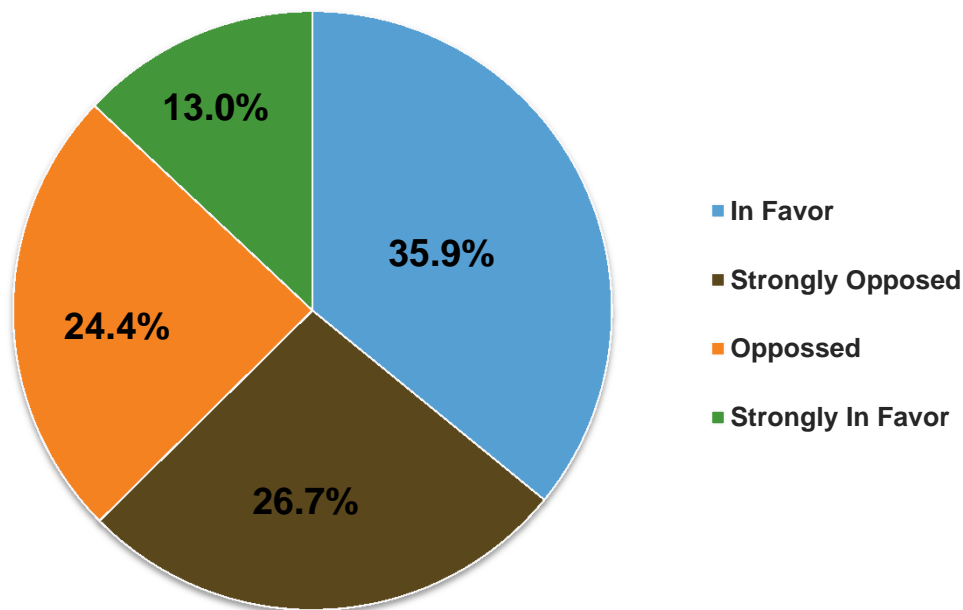
- \$200 Fee/ \$100 renewal
- Renewal required at one-year and then every two years following
- City provided “Rules and Norms Sheet” available in all STRs
- Waiving of fee for handicap accessible STRs (City would provide a checklist of required attributes and owner would provide photos and sign affidavit of proof)

Limitations:

- No more than three Non-Primary licenses per person
- No more than one STR per block face in the NCM and NCL zones
- HOAs can continue to prohibit



Overall, what do you think about the proposed STR regulations?



In Favor or Strongly in Favor: 48.9%
Opposed or Strongly Opposed: 51.1%

REGULATION	DRAFT PROPOSAL	MORE LENIENT	MORE RESTRICTIVE
Non-Primary STR	Allow in all zones; limit to 3 per person	Don't limit to 3	Don't allow in residential zones; limit to less than 3
Neighbor Notification	Mailing and Dev. Review sign for Non-Primary	Mailing only; no development review sign in yard	Require for both Primary and Non-Primary STRs
Concentration Limit	One per block face in NCM and NCL	Non-Primary only	Both primary and non-primary; would prefer 3% of census tract and/or proximity criteria
Zoning Limitations	None, only the concentration limit	Allow in all zones	Define use by zone and do not allow in all zones
Fees	\$200/\$100 renewal	High, especially for Primary STR	Non-Primary fees should be higher

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