

DATE: October 27, 2015

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WORK SESSION ITEM

City Council

SUBJECT FOR DISCUSSION

Short Term Rental Activity.

EXECUTIVE SUMMARY

The purpose of this item is to provide an overview and background information on short term rental (STR) activity, most typically referred to as Vacation Rental by Owner (VRBO) or Airbnb, within Fort Collins. With the increase in the cyber or sharing economy, communities nationwide are determining if and how to regulate this use at a local level to best protect neighborhoods and address quality of life issues.

GENERAL DIRECTION SOUGHT AND SPECIFIC QUESTIONS TO BE ANSWERED

1. Does Council want to pursue regulations beyond the collection of Lodging Tax?
2. Is so, what specific concerns should a regulatory system address?
3. Does Council support addressing the concentration of Short Term Rental (STR) activity, particularly in residential neighborhoods?

BACKGROUND / DISCUSSION

Short Term Rental (STR) refers to rental agreements for less than 30 days. In the past, short term rentals were unique to resort communities who frequently saw vacationers seeking 5-10 day rental opportunities. With the growth of online commerce and savvy technical 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 that cater to the on-line short term rental market. This type of "sharing economy" activity has grown tremendously over the last five years and there are numerous other on-line sites (Homeaway, Flipkey, Rentbyowner) with more entering the market each year.

There are two main types of STRs:

- A whole house rental where the owner or person in control of the property is not in the property
- A shared rental where available rooms are rented while the owner or person in control of the property is onsite.

Scale of the Issue

It is difficult to track the exact number of STR activity in Fort Collins or in any community. The Colorado Association of Ski Towns (CAST) Vacation Home Rentals: Issues, Emerging Trends and Best Practices Report, which was previously provided to Council, highlighted these challenges noting:

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

- *Listings are inconsistent, with some providing street addresses and unit numbers and others not; and*
- *VRBO no longer lists properties in the same order, meaning that new listings are harder to find.*

There is also overlap between the sites with users putting listings on multiple sites. The following table demonstrates the range of saturation of STRs in various communities.

	Total Housing Units	Listings on VR Websites	% of Units Listed
Breckenridge	7,187	2,911	41%
Estes Park	4,176	301	7%
Boulder	44,370	514	1%
Durango	7,234	73	1%
Portland	200,000	1600	0.8%
Fort Collins	62,832	278	0.44%
Denver	290,496	1000	0.34%

*Breckenridge, Estes Park, and Durango cited in CAST report. Denver & Boulder numbers cited in city materials. Portland taken from 2014 data. Fort Collins numbers not scrubbed for duplicates or confirmed as within city limits

The CAST report has also highlighted differing methods communities are using in an attempt to track this activity:

Each community pulls data manually and conducts a record-by-record search. While VHR (Vacation Home Rental) addresses can eventually be identified, the process is time-consuming and can be frustrating. VHR information is stored in MS Excel or Access and new listings are manually compared to existing files.

In communities with licensing and permitting requirements, listed VHR's are cross-checked with licensing/permitting records to check compliance. If addresses are not found through the hosting sites, communities use a combination of photos, online maps, condominium complex names, owner names and/or property management names to locate a property. If an owner or property manager is known, they can be contacted for an address. Maps may provide the general location, and photos make it possible to identify the property upon driving to the area or comparing to ArcGIS and Google map street views. Some conducting property searches are very familiar with the communities and can recognize most properties from the photos while sitting at their desks.

Durango and Steamboat Springs both tried creating accounts on Airbnb to notify owners of their need to comply with regulations. Both accounts were promptly canceled for violation of user agreements. Frisco has had some success contacting owners through the hosting sites without incident - the small number of properties in this community (under 30) may not have drawn the attention of the hosting sites.

Tax

Fort Collins is more fortunate than some communities in that its Tax Code has defined Lodging and is clear that STR activity is required to pay Lodging Tax:

...the furnishing of rooms or accommodations by any person, partnership, association, corporation, estate or any other combination of individuals by whatever name known to a person who for a consideration uses, possesses or has the right to use or possess any room in a hotel, inn, bed and breakfast residence, apartment hotel, lodging house, motor hotel, guest house, guest ranch, trailer coach, mobile home, auto camp or trailer court, park or similar establishment, for a period of less than thirty (30) days under any concession, permit, right of access, license to use or other agreement or otherwise.

Based on the questionnaire respondents, Fort Collins is currently seeing a higher rate of compliance from VRBO operators (typically whole house rentals) compared to Airbnb (typically a shared space rental.) Over the last 6 months, the City has been attempting to track, locate, and notify STR operators who do not have a sales tax license.

The first notification letter was sent in June 2014. Subsequent letters were sent in November 2014 and in September 2015. Since January 2015 licenses have increased from 43 to 71.

From January 1 to October 14, 2015 the City has collected:

- \$24,034 in Sales tax, and;
- \$18,414 in Lodging tax from these licenses.

Scope of Problem

Over the past two years, short term rental activity has come to the City's attention through a variety of means, including inquiries on permitting the use, concern regarding sales and lodging tax collection, and neighbor complaints and emails to City Council.

From mid-July through the end of August 2015, staff provided an online questionnaire to help gauge community thoughts on STR activity. Of the 784 respondents, 113 identified as operating a STR and 204 identified as living near a STR. The full report results can be found at fcgov.com/vrbo.

Responses included:

Do you think VRBO/Airbnb activity should be regulated?

No - 348

Yes - 208

Maybe - 180

I don't know - 56

If you have a concern with VRBO/Airbnb activity, which of the following apply (check all that apply):

Noise and nuisance - 48

Not knowing who is there - 46

Traffic and parking - 38

Over-occupancy - 37

This is a business that does not belong in a neighborhood - 33

Other - 5

The number of complaints in Fort Collins remains low relative to the estimated number of STRs. The concern over this use has increased in the last two years with some expressing strong opinions for the City to take action sooner rather than later. It is worth noting that those neighborhoods having a Homeowners Association (HOA) can restrict this use through covenants.

The questionnaire generated more than 400 comments which staff themed into five general sentiments:

- Not a problem/Do not regulate/Private property right. (152)
- Support for reasonable regulations including tax collection.(85)
- Miscellaneous including HOA questions, need more info, and STR consumer comments.(64)
- STRs support tourism/cultural experiences. Good addition to the community. Valuable secondary income. (55)
- Not in favor. Do not allow. Not in residential areas.(44)
- Interested in operating a STR in the future. (6)

Range of Options

In researching other communities it is clear that many are struggling to find the regulatory "sweet spot" that addresses the defined problem and that enables effective enforcement. The CAST report notes:

- *Simply prohibiting VHR's will not make them go away. Units are still advertised and rented where they are prohibited.*
- *Communities with good intentions in adopting regulations have found that enforcing them is the weak link. Cities have been unable to procure cooperation from hosting sites to not list illegal VHR's nor to provide them the information needed to locate VHR's that are in violation of local or state regulations. Regulations that restrict the number of days VHR's may be rented or that require owner occupancy of homes have been a particular challenge.*

The CAST report also provides a "Best and Potential Practices" checklist. (**Attachment 1**) Potential regulatory options tend to fall into the categories discussed below.

Definitions

Creating a definition for STRs is a needed step in any regulatory framework. Neither the Land Use Code (LUC) nor the City Code currently define "short term rental." There are definitions for *Bed and Breakfast* and *Lodging*, neither of which accurately captures this relatively new activity.

Staff is considering differences between STR use and traditional Bed and Breakfast use, currently defined as:

Bed and breakfast shall mean an establishment operated in a private residence or portion thereof, which provides temporary accommodations to overnight guests for a fee and which is occupied by the operator of such establishment.

Bed and Breakfast are currently allowed in 16 zone districts.

While there is a perception that short term rentals in a residential home constitutes a business, the rental of rooms from a Land Use Code perspective is considered a "residential" use and the collection of tax in and of itself does not constitute a business.

Limiting Numbers and Concentration

Communities have utilized zoning, caps or percentage caps, and distance requirements between STRs to limit the overall number. Each of these methods has benefits and challenges.

Registration/Licensing

There are multiple examples of communities' registering or licensing STRs. These methods vary from a nominal fee to register and a requirement to include registration number in all advertising to comprehensive licensing requiring inspections, renewals, and possible revocation.

The CAST Report highlights the following:

Permits and licenses typically record necessary information regarding the VHR, such as number of bedrooms, owner information, property manager or emergency contact information, use or occupancy restrictions, among other requirements. In addition, to receive a permit or license, many communities require the following:

- *Safety inspection: Austin, Portland, San Francisco, Chicago, Santa Fe, Durango;*
- *Proof of adequate property insurance coverage: Austin, San Francisco, Santa Fe; and*
- *Permit or license number to be displayed on all advertising: Austin, Portland, San Francisco, Santa Fe, Sonoma County, Bend, Oregon.*

Neighbors may also need to be notified as part of the permit process. For example: Austin requires notice be given to neighbors for public comment as part of the permit approval process, similar to other land use applications.

Many communities require notice to be sent to neighbors upon permit issuance. Notice may provide neighbors with the address; terms of rental use or permit; contact information for a property manager, owner or emergency contact in the event of problems; and the process for reporting violations or complaints to the community's enforcement office. This can be an effective tool to help neighbors know about and police VHR activity in their area. Portland, Oregon, and Petaluma, Santa Cruz, and Sonoma County in California require neighbor notice.

Most of the above communities also require annual renewal of permits or licenses. Yearly renewal maintains a current list of active vacation rentals and contact information. Renewals may also be withheld if VHR regulations have been violated, too many complaints have been received, applicable taxes have not been paid, or if there are health and safety issues on the property. As an exception, Portland requires renewal every two years, with a new inspection required every six years, barring a change in owner, bedrooms rented, or cause for safety or violation concern.

Staff is confident that through a robust public engagement effort, research and utilizing experience from previous City efforts, such as Illegal Duplexes (multi-year phase in approach with escalating fees), Fort Collins can develop a unique, effective, and reasonable system to address STR activity and complaints.

Public Engagement

In addition to the online questionnaire, staff has met with both STR operators and neighbors. Many STR operators have come forward and offered to share their experiences and best practices. These operators are very willing and interested in being involved moving forward. As well, citizens interested in limiting and regulating STR activity have also come forward and are working together.

Staff met with the Affordable Housing Board (**Attachment 2**) and the Planning and Zoning Board.

Staff also met with the Visit Fort Collins Board and the Board of Realtors.

All of these conversations recognized and spoke to the increasing popularity of STRs and the unique experience STRs can bring to visitors. Many expressed a willingness to consider reasonable regulations with the Board of Realtors being the most cautious towards over-regulating. None felt that STR activity was negatively impacting housing affordability and many believe it is providing crucial secondary income to allow people to stay in their homes.

Highlights from Research

Boulder, CO

Boulder voters will be considering a tax on short term rentals at the November. 3, 2015 election. If the tax does not pass, the ordinance allowing short-term rentals will not go into effect. Instead, there will be an express provision prohibiting short-term rentals.

Denver, CO

Working on developing a program: goals to include tax collection and a revocable license. Do not anticipate having the capacity to inspect properties.

Durango, CO

Have permitted Tourist Homes since 1989. Recently updated for STR activity. Limit by total number in some areas and by one-per block in other areas. Enforcement is biggest challenge.

Provo, Utah

An inspection of the property may be required prior to the issuance of a rental license. Information provided on the application will be compared to original approval documents in the zoning office to determine the legal use and

occupancy for the rental. Properties that were originally constructed as single family homes and have been converted into two or more units may be inspected.

Sonoma County

Permit process in place. Maximum of 5 guestrooms. Limited to a maximum of 2 guests per guestroom plus 2 additional guests per property. The maximum number of guests allowed at any one time during the day is the overnight occupancy limit +6.

Santa Barbara, CA

The City is aware that vacation rentals exist throughout the City and that most are operating in areas that do not allow visitor stays of less than 30 days. The City Council has initiated a Zoning Ordinance Amendment to define, regulate and permit home sharing rentals. The first step will be a public hearing and discussion with the Planning Commission to discuss the various ways this could be done.

Anaheim, CA

Permit program in place. Occupancy limit of three people per bedroom; plus two. Adopted a moratorium in September 2015 initiating a temporary pause in issuing or renewing short-term rental permits or related variances, building permits, business licenses and entitlements to analyze community and industry comments and to consider additional rules and regulations that may be needed.

Bellevue, WA

Registration program. No more than five units in any building and no more than 20 percent of the dwelling units comprising a development shall be used for Short Term Stay Use at any given time.

Next Steps

Based on direction received, staff anticipates initiating a thorough public engagement process including stakeholder focus groups and larger public forums.

ATTACHMENTS

1. CAST Best and Potential Practices (PDF)
2. Affordable Housing Board minutes, October 1, 2015 (draft) (PDF)
3. Email from Lloyd Walker, September 16, 2015 (PDF)
4. Public Engagement Summary (PDF)
5. Sustainability Assessment Summary and Tool (PDF)
6. Work Session Summary, June 9, 2015 (PDF)
7. Powerpoint presentation (PDF)

Taken from the CAST Vacation Home Rentals-Issues, Emerging Trends and Best Practices Report (June 2015)

Best and Potential Practices	Tracking	Regulations	Licensing Permits	Taxing	Staffing	Neighborhood Impacts	Workforce
Post information within the VHR		X	X			X	
Require local manager/emergency contact		X	X			X	
Coordinate with jurisdictions in region	X			X	X		
Create website on VHR's		X	X			X	
Require property inspections		X	X				
Negotiate Airbnb agreement	X			X			
Require license numbers to be on all listings	X		X				
Give neighbors notice			X		X		
Map licensed/permitted VHR's	X					X	
Establish fee to cover management costs			X		X		
Coordinate tracking across departments	X				X		
Publish VHR requirements in newspapers			X		X		
Work with code enforcement on complaints	X						
Post local VHR regulations on Airbnb	X						
Restrict VHR concentration		X					
Implement more restrictive regulations where impacts are higher		X					
Give owners unique rights to short-term their homes		X					
Permit bedroom rentals w/owners present		X					
Create separate categories for VHR's depending on time rented		X					
Dedicate/hire staff for license compliance			X				
Educate realtors about requirements			X				
Link complaints to legal vs illegal VHR's			X				
Establish enforcement procedures and use them			X				
Revoke licenses/permits for violations			X				
Increase license fees to mitigate workforce housing impacts			X				
Collect VHR details on license or permit applications			X				

Taken from the CAST Vacation Home Rentals-Issues, Emerging Trends and Best Practices Report (June 2015)

Best and Potential Practices	Tracking	Regulations	Licensing Permits	Taxing	Staffing	Neighborhood Impacts	Workforce
Educate visitors that listings must have license numbers			X				
Initiate state action to address 30-day limit on sale taxation				X			
Initiate state action to address how properties are classified for property taxes							
Assign community development lead responsibility for VHR's					X		
Coordinate VHR's w/ economic development					X		
Add staff specialist					X		
Hold stakeholder roundtables						X	
Impose occupancy limits						X	
Impose visitor limits						X	
Limit outdoor parties						X	
Manage trash						X	
Address parking						X	
Have general nuisance provision						X	
Use real estate database to track conversion of housing into VHR's							X
Create housing census							X
Prohibit use of workforce housing for VHR's							X
Require check for workforce compliance when licensing VHR's							X
Allocate VHR revenue to housing							X
Replace lost housing units							X

**Excerpt from Affordable Housing Board Minutes
October 1, 2015**

AGENDA ITEM 1: Short Term Rentals—Ginny Sawyer

Vacation rentals issues have come to City attention over last two years, mostly through complaints. Unregulated at this time. Any rental less than 30 days should pay lodging tax. Council has asked staff to research. Online questionnaire, visiting boards, reaching out to vacation rental owners, bed and breakfast owners, and complainants. Will have a public forum at a later date. Delineated between vacation rental by owner (VBRO) versus Airbnb with property owner on site. However, a lot of units are marketed as both. Most VBROs and Airbnbs have been operating less than 3 years. Around 120 total in Fort Collins. Very difficult to track. Majority are occupied more than 15 nights per month. Have more compliance with sales and lodging tax with VRBO than Airbnb. Asked neighbors how became aware they were living near a unit; majority said the owners informed them. Most neighbors were not concerned, however concerns include operating a business in a neighborhood and character change with transiency of occupant. Many do not feel should be regulated. Received 471 comments on questionnaire. Benefits include supporting tourism, positive addition to community, and creating valuable secondary income. Those who support regulations would like to see permitting, limiting the number of occupants, self-certification, limiting the number of nights, requiring inspections, allowing only in certain zones, limiting total number citywide, and meeting ADA standards. Overall percentage of housing stock being used this way is less than 1%. Resort communities have much larger scale of this activity. Going to Work Session to decide whether do nothing, ban, or have some range of regulations. Many options through zoning, self-certifying, sales tax licensing, and registration/permitting. Marketing sites are somewhat self-policing. It is in best interest of owner to be safe, welcoming, etc.

Comments/Q&A

- Sue: Durango has parking limitations.
 - Ginny: Durango required a certain number of parking spaces per occupant.
- Eloise: What is problem with collecting sales tax?
 - Ginny: People knowing they need to collect it.
 - Terence: Not creating employees, so people don't think of this.
- Curt: Even if municipality is not regulating, it is somewhat self-regulating. Guests and owners can give negative feedback, which has consequences.
 - Resort communities and large cities are concerned with this activity taking housing off the market.
- Troy: Of ones that rent out and owner is not on site, do people rent while on vacation and otherwise live there, or use unoccupied home?
 - Ginny: Both. A lot of communities have built in exemptions for those who only rent a couple of times a year. Sometimes property is adjacent to primary residence or is a carriage home. Communities are trying to crack down on absentee owners.
- Diane: Explain community concerns.
 - Ginny: Expectation that a residential area remains residential, not a business area. Concern about not being able to know neighbors, character of neighborhood, noise, etc. In multifamily people treat it as a hotel rather than a living place.
- Sue: Regulations separate for different types?
 - Ginny: Yes. Enforcement will be challenging. Secondary income becomes important. Not always a guarantee that Airbnb owners are on site.

- Curt: Trying to understand how this is a threat to affordable housing? 30% AMI and below are not Airbnb clientele. And sites are not those that would be occupied by low income residents.
 - Sue: If you have a house that is vacation by owner, it is off the market for a family to rent or buy as primary residence.
 - Diane: Concern about percentage of housing stock in short term rentals can be addressed by having a limited number of licenses/permits.
 - Curt: Then it is first come first served and eliminates opportunity.
 - Troy: Since most don't feel it is a problem now, not the right time to regulate. From affordable housing standpoint, not a problem to spend staff time trying to fix.
 - Sue: What about Airbnb helping affordability by providing income to owners?
 - Troy: Can help someone into move-up property.
 - Curt: Property taxes are going up. Look at secondary income as not necessarily just discretionary.
 - Diane: Would not make a blanket statement that a good thing.
 - Sue: Has heard that this can help people keep property while un/under-employed.
 - Ginny: Will continue to pursue education about sales and lodging tax. Council has mentioned full blown rental licensing.
 - Curt: Could that become cost prohibitive?
 - Ginny: In Durango was \$750 for first year to cover inspection and less for annual renewal. Should Fort Collins begin inspections/regulation now, while there are less than 200? Don't want it to be so onerous that people take it underground. Keep it safe and get sales tax.
 - Diane: Does the City have liability if someone is injured?
 - Ginny: Do we increase our liability if we inspect and license, but someone still gets injured?
 - Sue: For hotels we inspect, but are not liable for injuries.
 - Ginny: Will let Council know board's comments in Work Session.
 - Troy: Heard from Estes Park that it is a contentious issue there. Surprised it is only 7%.
 - Terence: A lot of second homes in Estes.
 - Troy: 0.44% is not a problem yet, but 7% is. Need to find right proportion.
 - Sue: Bed and Breakfast comments on this?
 - Ginny: Only two in Fort Collins and one is a hostel. The hostel completely supports Airbnb, but would like to see it taxed.
 - Curt: If goes toward regulation, investors that are not on site need to have higher level regulations. Too onerous for on-site owners.
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Email received 9/16/2015

ADDRESSING SHORT TERM RENTALS

By Lloyd Walker

At the October 27 work session of City council there will be a discussion of short term rentals. I offer these comments for your consideration:

Fort Collins, like much of the world, is experiencing a rise of the "sharing economy". This is particularly noticeable in the area of short term rentals through businesses such as AIRBNB and Vacation Rental By Owner (VRBO). While this can provide a less costly and an attractive alternative to hotels for some, it is largely unregulated, untaxed and a source of potential problems for neighborhoods. This stems from the random location of such rentals, lack of policies and standards, and the inexperience of such amateur hoteliers. The highly transient nature of these rentals and the potential for incompatible behavior and inadequate operation, maintenance and upkeep create a potentially disruptive situation for nearby neighbors. Proactive action by the City is necessary to prevent such occurrences.

One purpose of City zoning, policies and ordinances is to group like property uses together to create more coherent, stable, socially compatible neighborhoods and sectors of the City. Therefore it is necessary to address this short term rental enterprise with appropriate City action which might include:

- 1) Define short term rental as 30 or fewer days of occupancy
- 2) Differing provisions are made for short term rentals by owner occupants or absentee owners. Absentee owners are required to have a local agent easily contacted who can respond promptly to issues as they arise and to oversee activity in the rental
- 3) In RL or other City zones which are primarily single family neighborhoods, short term rentals are only allowed in houses which are owner occupied
- 4) Other zones which have a more transient nature —medium and high density residential zones and commercial zones- allow a broader variety of short term rentals consistent and compatible with current extra occupancy regulations
- 5) The number of occupants in a short term rental is limited by the size of the unit and the zone in which it is located
- 6) The density of such short term rentals is limited in accordance with the various City zoning districts
- 7) Short term rentals are treated as a lodging business requiring licensing and registration
- 8) As a part of licensing, the property is inspected to assure it meets applicable codes for the health, safety and welfare of the renters and adjacent neighbors
- 9) Such a business is taxed as are hotels, paying lodging and sales taxes
- 10) The City develops criteria and methods to apply appropriate sanctions up to and including license revocation for short term rental operators who fail to follow City ordinances

Thank you for consideration of these ideas.

Regards,
Lloyd Walker

PUBLIC ENGAGEMENT SUMMARY

PROJECT TITLE: SHORT TERM RENTAL ACTIVITY (STR) WITHIN FORT COLLINS
OVERALL PUBLIC INVOLVEMENT LEVEL: INVOLVE

BOTTOM LINE QUESTION:

Do VRBO and Airbnb (STR) uses need to be regulated by the City of Fort Collins?

KEY STAKEHOLDERS:

- VRBO/AirBnD Operators
- Neighbors of VRBO/Airbnb Units
- Existing Bed and Breakfast and Hotel Operators
- Visit Fort Collins Board

CITY BOARDS AND COMMISSIONS:

- Affordable Housing Board: Oct 1, 2015
- Planning and Zoning Board

OTHER BOARDS AND COMMITTEES:

- Visit Fort Collins Board: September 22, 2015
- Fort Collins Board of Realtors Legislative Committee: October 20, 2015

TIMELINE: May – 2nd Quarter 2016

Phase 1:

Timeframe: May-October 2015

Key Messages:

- The City is exploring perspectives on the operation of VRBOs and Airbnbs within our community to determine if any action is needed.
- Share your experience/concerns regarding short term rentals.

Tools and Techniques:

- Focus groups with operators and those who have had personal experience as neighbors.
- Online Questionnaire: promoted through stakeholders, fcgov.com, and social media
- Meet with Boards and Committees

PHASE 2: TBD

Timeframe: October 2015 -

Key Messages:

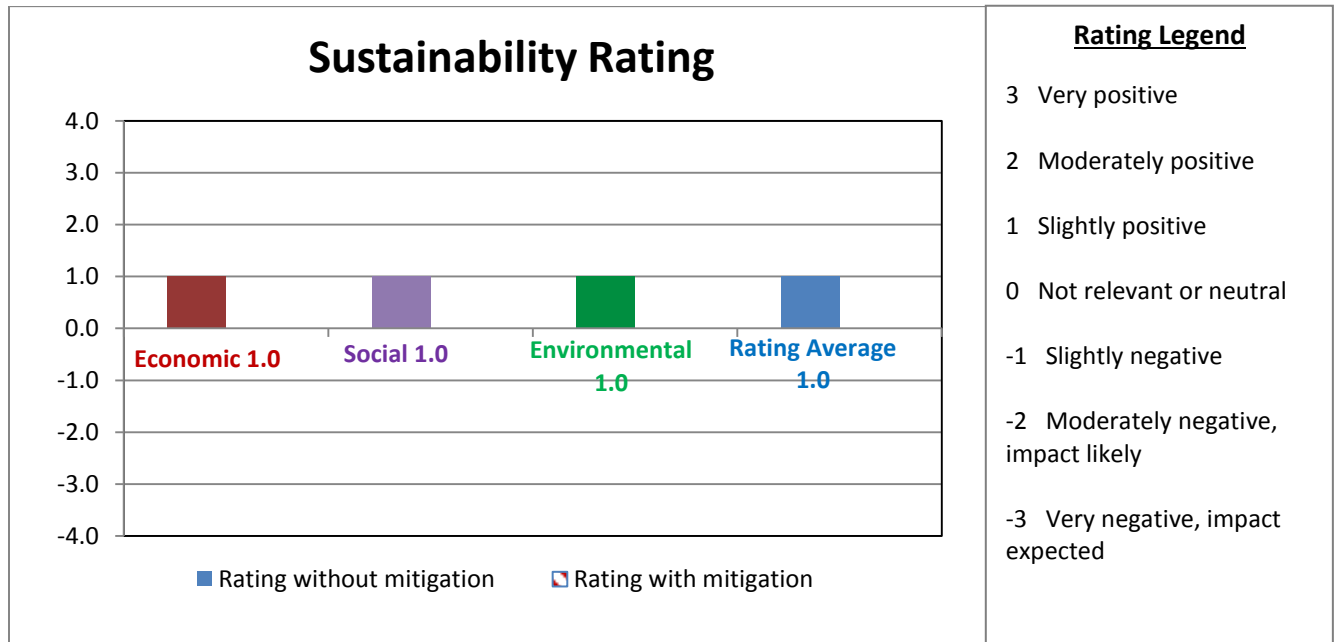
- The City is exploring potential regulation for STR activity in Fort Collins.

Tools and Techniques:

SUSTAINABILITY ASSESSMENT SUMMARY

DATE: October 20, 2015

SUBJECT: Sustainability Assessment (SA) Summary for



Key issues identified:

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Suggested mitigation actions:

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City of Fort Collins SUSTAINABILITY ASSESSMENT TOOL (SAT) (November 2014)



Creating a sustainable community

Plan Fort Collins is an expression of the community's resolve to act sustainably: to systemically, creatively, and thoughtfully utilize environmental, human, and economic resources to meet our present needs and those of future generations without compromising the ecosystems upon which we depend.

How to use the tool

The Sustainability Assessment Tool (SAT) is designed to inform a deeper understanding of how policy and program choices affect the social equity, environmental health and economic health of the community. The City of Fort Collins has developed a Sustainability Assessment Framework that describes the purpose, objectives, and guidelines to assist City Program/Project Managers to determine:

- The process for cross-department collaboration in using the SAT
- Timing for applying a SAT
- When to apply a SAT
- How to document the results of the SAT and present at City Council Work Sessions and Regular Council Meetings

Further detailed guidance is available at: <http://citynet.fcgov.com/sustainability/sustainabilityassessments.php>

The SAT does not dictate a particular course of action; rather, the analysis provides policy makers and staff with a greater awareness of some of the trade-offs, benefits and consequences associated with a proposal, leading to more mindful decision-making.

Brief description of proposal

Please provide a brief description of your proposal – 100 words or less

Possible regulations of Short Term Rental (STR) use in Fort Collins.

Staff lead(s):

Please note staff name, position/division and phone number

Ginny Sawyer-CMO

Social Equity

Described: Placing priority upon protecting, respecting, and fulfilling the full range of universal human rights, including those pertaining to civil, political, social, economic, and cultural concerns. Providing adequate access to employment, food, housing, clothing, recreational opportunities, a safe and healthy environment and social services. Eliminating systemic barriers to equitable treatment and inclusion, and accommodating the differences among people. Emphasizing justice, impartiality, and equal opportunity for all.

Goal/Outcome: It is our priority to support an equitable and adequate social system that ensures access to employment, food, housing, clothing, education, recreational opportunities, a safe and healthy environment and social services. Additionally, we support equal access to services and seek to avoid negative impact for all people regardless of age, economic status, ability, immigration or citizenship status, race/ethnicity, gender, relationship status, religion, or sexual orientation. Equal opportunities for all people are sought. A community in which basic human rights are addressed, basic human needs are met, and all people have access to tools and resources to develop their capacity. This tool will help identify how the proposal affects community members and if there is a difference in how the decisions affect one or more social groups. Areas of consideration in creating a vibrant socially equitable Fort Collins are: basic needs, inclusion, community safety, culture, neighborhoods, and advancing social equity.

Analysis Prompts

- *The prompts below are examples of the issues that need to be addressed. **They are not a checklist.** Not all prompts and issues will be relevant for any one project. Issues not covered by these prompts may be very pertinent to a proposal - please include them in the analysis.*
- *Is this proposal affected by any current policy, procedure or action plan? Has advice been sought from organizations that have a high level of expertise, or may be significantly affected by this proposal?*

Proposal Description

Regualtions could include registration, licensing, inspections, and limitation on number or STRs.

1. Meeting Basic Human Needs

- How does the proposal impact access to food, shelter, employment, health care, educational and recreational opportunities, a safe and healthy living environment or social services?
- Does this proposal affect the physical or mental health of individuals, or the status of public health in our community?
- How does this proposal contribute to helping people achieve and maintain an adequate standard of living, including housing, or food affordability, employment opportunities, healthy families, or other resiliency factors?

Analysis/Discussion

STR use provides additional income to FC homeowners and renters.

STR use can be attractive to investors.

2. Addressing Inequities and being Inclusive

- Are there any inequities to specific population subsets in this proposal? If so, how will they be addressed?
- Does this proposal meet the standards of the Americans with Disabilities Act?
- How does this proposal support the participation, growth

STRs could take homes off the traditional rental market, which further suppresses supply and inflates rents. This could contribute to the further gentrification of Fort Collins.

<p>and healthy development of our youth? Does it include Developmental Assets?</p> <ul style="list-style-type: none"> If the proposal affects a vulnerable section of our community (i.e. youth, persons with disabilities, etc.) 	
<p>3. Ensuring Community Safety</p> <ul style="list-style-type: none"> How does this proposal address the specific safety and personal security needs of groups within the community, including women, people with disabilities, seniors, minorities, religious groups, children, immigrants, workers and others? 	<p>For some, STR use creates a sense of lack of safety due to the transient nature of who may be staying in the house next door to them.</p>
<p>4. Culture</p> <ul style="list-style-type: none"> Is this proposal culturally appropriate and how does it affirm or deny the cultures of diverse communities? How does this proposal create opportunities for artistic and cultural expression? 	
<p>5. Addressing the Needs of Neighborhoods</p> <ul style="list-style-type: none"> How does this proposal impact specific Fort Collins neighborhoods? How are community members, stakeholders and interested parties provided with opportunities for meaningful participation in the decision making process of this proposal? How does this proposal enhance neighborhoods and stakeholders' sense of commitment and stewardship to our community? 	<p>Many see the transient nature of STRs creating less of a sense of community since they don't know their neighbors.</p> <p>Some see STR use as being commercial enterprises and thus degrading the sense of community within the neighborhood.</p> <p>Extra income from short-term rentals can keep existing community members in their homes and enhance neighborhood stability.</p>
<p>6. Building Capacity to Advance Social Equity</p> <ul style="list-style-type: none"> What plans have been made to communicate about and share the activities and impacts of this proposal within the City organization and/or the community? How does this proposal strengthen collaboration and cooperation between the City organization and community members? 	
<p>Social Equity Summary</p> <p>There is not enough data at this point to determine if STR helps more people stay in their homes or if it is a detriment to housing and neighborhood stability.</p> <p>Key issues:</p>	

Potential mitigation strategies:

Overall, the effect of this proposal on social equity would be:
Please reach a consensus on the rating and enter an "X" in one of the following boxes

+3	+2	+1	0	-1	-2	-3
Very positive	Moderately positive	Slightly positive	Not relevant or neutral	Slightly negative	Moderately negative, impact likely	Very negative, impact expected
		X				

Environmental Health

Described: Healthy, resilient ecosystems, clean air, water, and land. Decreased pollution and waste, lower carbon emissions that contribute to climate change, lower fossil fuel use, decreased or no toxic product use. Prevent pollution, reduce use, promote reuse, and recycle natural resources.

Goal/Outcome: Protect, preserve, and restore the natural environment to ensure long-term maintenance of ecosystem functions necessary for support of future generations of all species. Avoid or eliminate adverse environmental impacts of all activities, continually review all activities to identify and implement strategies to prevent pollution; reduce energy consumption and increase energy efficiency; conserve water; reduce consumption and waste of natural resources; reuse, recycle and purchase recycled content products; reduce reliance on non-renewable resources.

Analysis Prompts

- The prompts below are examples of issues that need to be addressed. **They are not a checklist.** Not all prompts and issues will be relevant for any one project. Issues not covered by these prompts may be very pertinent to a proposal - please include them in the analysis.
- Is this proposal affected by any current policy, procedure or action plan? Has advice been sought from organizations that have a high level of expertise, or may be significantly affected by this proposal?

1. Environmental Impact

- Does this proposal affect ecosystem functions or processes related to land, water, air, or plant or animal communities?
- Will this proposal generate data or knowledge related to the use of resources?
- Will this proposal promote or support education in prevention of pollution, and effective practices for

Analysis/Discussion

STRs typically don't clean sheets/rooms daily and so have a smaller environmental impact than a traditional hotel.

People can choose a STR within walking or biking distance to their destinations which could eliminate the need to drive.

<ul style="list-style-type: none"> reducing, reusing, and recycling of natural resources? Does this proposal require or promote the continuous improvement of the environmental performance of the City organization or community? Will this proposal affect the visual/landscape or aesthetic elements of the community? 	<p>Since STR websites rely on customer reviews, most maintain their properties at good to high standards.</p>
<p>2. Climate Change</p> <ul style="list-style-type: none"> Does this proposal directly generate or require the generation of greenhouse gases (such as through electricity consumption or transportation)? How does this proposal align with the carbon reduction goals for 2020 goal adopted by the City Council? Will this proposal, or ongoing operations result in an increase or decrease in greenhouse gas emissions? How does this proposal affect the community's efforts to reduce greenhouse gas emissions or otherwise mitigate adverse climate change activities? 	
<p>3. Protect, Preserve, Restore</p> <ul style="list-style-type: none"> Does this proposal result in the development or modification of land resources or ecosystem functions? Does this proposal align itself with policies and procedures related to the preservation or restoration of natural habitat, greenways, protected wetlands, migratory pathways, or the urban growth boundary How does this proposal serve to protect, preserve, or restore important ecological functions or processes? 	
<p>4. Pollution Prevention</p> <ul style="list-style-type: none"> Does this proposal generate, or cause to be generated, waste products that can contaminate the environment? Does this proposal require or promote pollution prevention through choice of materials, chemicals, operational practices and/or engineering controls? Does this proposal require or promote prevention of pollution from toxic substances or other pollutants regulated by the state or federal government? Will this proposal create significant amounts of waste or pollution? 	

5. Rethink, Replace, Reduce, Reuse, Recirculate/Recycle <ul style="list-style-type: none"> Does this proposal prioritize the rethinking of the materials or goods needed, reduction of resource or materials use, reuse of current natural resources or materials or energy products, or result in byproducts that are recyclable or can be re-circulated? 							
6. Emphasize Local <ul style="list-style-type: none"> Does this proposal emphasize use of local materials, vendors, and or services to reduce resources and environmental impact of producing and transporting proposed goods and materials? Will the proposal cause adverse environmental effects somewhere other than the place where the action will take place? 	STRs utilizes locally owned homes and furnishings.						
Environmental Health Summary <p>Key issues:</p> <p>Potential mitigation strategies:</p> 							
Overall, the effect of this proposal on environmental health would be: <i>Please reach a consensus on the rating and enter an "x" in one of the following boxes</i>	+3	+2	+1	0	-1	-2	-3
	Very positive	Moderately positive	Slightly positive	Not relevant or neutral	Slightly negative	Moderately negative, impact likely	Very negative, impact expected
			x				
Economic Health Described: Support of healthy local economy with new jobs, businesses, and economic opportunities; focus on development of a diverse economy, enhanced sustainable practices for existing businesses, green and clean technology jobs, creation or retention of family waged jobs.							

Goal/Outcome: A stable, diverse and equitable economy; support of business development opportunities.	
Analysis Prompts <ul style="list-style-type: none"> <i>The prompts below are examples of the issues that need to be addressed. They are not a checklist. Not all prompts and issues will be relevant for any one project. Issues not covered by these prompts may be very pertinent to a proposal - please include them in the analysis</i> <i>Is this proposal affected by any current policy, procedure or action plan? Has advice been sought from organizations that have a high level of expertise, or may be significantly affected by this proposal?</i> 	
1. Infrastructure and Government <ul style="list-style-type: none"> How will this proposal benefit the local economy? If this proposal is an investment in infrastructure is it designed and will it be managed to optimize the use of resources including operating in a fossil fuel constrained society? Can the proposal be funded partially or fully by grants, user fees or charges, staged development, or partnering with another agency? How will the proposal impact business growth or operations (ability to complete desired project or remain in operation), such as access to needed permits, infrastructure and capital? 	Analysis/Discussion Brings in tourism dollars. Operators collect and remit both lodging and sales tax.
2. Employment and Training <ul style="list-style-type: none"> What are the impacts of this proposal on job creation within Larimer County? Are apprenticeships, volunteer or intern opportunities available? How will this proposal enhance the skills of the local workforce? 	
3. Diversified and Innovative Economy <ul style="list-style-type: none"> How does this proposal support innovative or entrepreneurial activity? Will “clean technology” or “green” jobs be created in this proposal? How will the proposal impact start-up or existing businesses or development projects? 	Cyber economy, growing industry. Providing income to owners. TO date, support from traditional hotel/motels.
4. Support or Develop Sustainable Businesses <ul style="list-style-type: none"> What percentage of this proposal budget relies on local services or products? Identify purchases from Larimer County and the State of Colorado. 	Visitors could get better introduction to local goods and services by staying with a member of the community. Some use STRs to get a more local experience while considering local jobs or a relocation.

<ul style="list-style-type: none">• Will this proposal enhance the tools available to businesses to incorporate more sustainable practices in operations and products?• Are there opportunities to profile sustainable and socially responsible leadership of local businesses or educate businesses on triple bottom line practices?							
5. Relevance to Local Economic Development Strategy							
Economic Prosperity Summary							
Key issues:							
Potential mitigation strategies:							
Overall, the effect of this proposal on economic prosperity will be: <i>Please reach a consensus on the rating and enter an "x" in one of the following boxes</i>	+3	+2	+1	0	-1	-2	-3
	Very positive	Moderately positive	Slightly positive	Not relevant or neutral	Slightly negative	Moderately negative, impact likely	Very negative, impact expected
			x				



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MEMORANDUM

DATE: June 12, 2015

TO: Mayor Troxell and Councilmembers

FM: Ginny Sawyer, Project and Policy Manager *gls*
Ted Shepard, Chief Planner *TS*

TH: Darin Atteberry, City Manager *D m for D.d.*
Kelly DiMartino, Assistant City Manager *KD*

RE: June 9, 2015 Work Session Summary: Short Term Rental Activity (STR)

Staff provided a high level overview of short term rental activity and issues in Fort Collins, including a brief web demo of both VRBO.com and Airbnb.com. All Councilmembers were present with Mayor Troxell participating by phone.

Themes of the discussion centered on:

- Utilizing tools the City already has to address short term rentals, including pursuing sales tax licenses and tax remittance;
- Clarifying the "problem" and problem severity;
- Supporting STR definition creation and additional outreach.

Next Steps

Staff will:

- Create and distribute an online survey targeted to both STR operators and neighbors.
- Work on STR definition creation and possible definition revisions for Hotel/Motel and Bed and Breakfast.
- Conduct more thorough research of both VRBO.com and Airbnb.com to better understand STR activity (how many nights per/year or month), number of ADA compliant STRs, and number of whole house rentals vs owner-occupied rentals.
- Continue to contact known STR operators to ensure tax remittance.
- Meet with both Visit Fort Collins and the Affordable Housing Board.

A Public Engagement Summary is attached.

PUBLIC ENGAGEMENT SUMMARY

PROJECT TITLE: VRBO AND AIRBNB WITHIN FORT COLLINS
OVERALL PUBLIC INVOLVEMENT LEVEL: INVOLVE

BOTTOM LINE QUESTION: Do VRBO and Airbnb uses need to be regulated by the City of Fort Collins?

KEY STAKEHOLDERS:

- VRBO/AirBnD Operators
- Neighbors of VRBO/Airbnb Units
- Existing Bed and Breakfast and Hotel Operators
- Visit Fort Collins Board

BOARDS AND COMMISSIONS:

- Affordable Housing Board
- Planning and Zoning Board

TIMELINE: May - November 2015

Phase 1:

Timeframe: May-June 2015

Key Messages:

- The City is exploring perspectives on the operation of VRBOs and Airbnbs within our community to determine if any action is needed.

Tools and Techniques:

- Focus groups with operators and those who have had personal experience as neighbors.

PHASE 2:

Timeframe: June-August 2015

Key Messages:

- The City is exploring perspectives on the operation of VRBOs and Airbnbs within our community to determine if any action is needed.
- Share your experience/concerns regarding short term rentals.

Tools and Techniques:

- Online Survey: promoted through stakeholders, fcgov.com, and social media
- Stakeholder meetings
- Meet with Affordable Housing Board and Visit Fort Collins Board

PHASE 3:

Timeframe: September 2015

Key Messages:

- The City would like to share data collected from research and an online survey and solicit feedback from the public.

Tools and Techniques:

- Open House



Short Term Rental Activity in Fort Collins

(Vacation Rental by Owner/ Airbnb)

City Council Work Session
October 27, 2015

Questions/Direction Sought

1. Does Council want to pursue regulations beyond the collection of Lodging Tax?
2. Is so, what specific concerns should a regulatory system address?
3. Does Council support addressing the concentration of Short Term Rental (STR) activity, particularly in residential neighborhoods?

Short Term Rentals (STR):

- § Less than 30 days.
- § Fort Collins tax code requires paying lodging tax.

Two activity types:

- § Whole house rental with no owner on-site.(VRBO)
- § Room(s) in a house with owner on-site. (Airbnb)

Actual numbers of STRs are difficult to track.

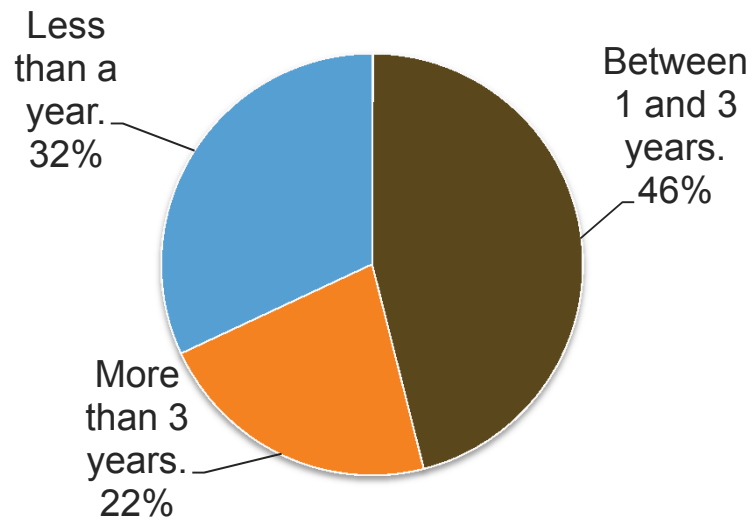
- § Exact addresses not available on most sites.
- § Properties not listed in any particular order.
- § Overlap between sites.
- § A search for “Fort Collins” yields listings outside city limits including Loveland, Windsor, and rural areas.

	Total Housing Units	Listings on VR Websites	% of Units Listed
Breckenridge	7,187	2,911	41%
Estes Park	4,176	301	7%
Boulder	44,370	514	1%
Durango	7,234	73	1%
Portland	200,000	1600	0.8%
Fort Collins	62,832	278	0.44%
Denver	290,496	1000	0.34%

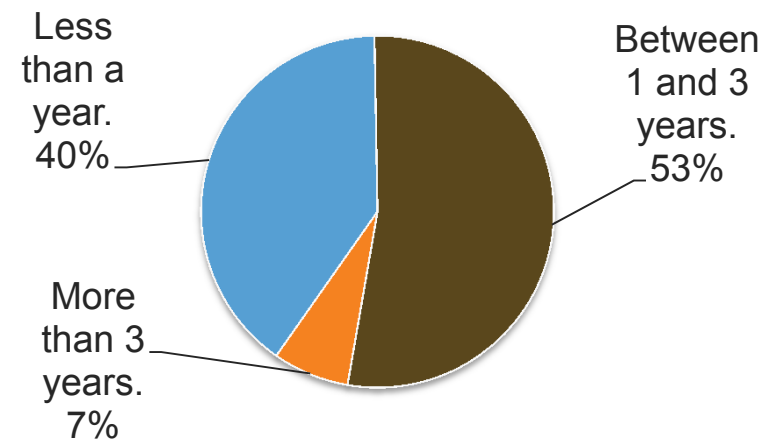
*Breckenridge, Estes Park, and Durango cited in CAST report. Denver & Boulder numbers cited in city materials.
Portland taken from 2014 data. Fort Collins numbers not scrubbed for duplicates or confirmed as within city limits

Questionnaire Results

How long have you operated your VRBO?

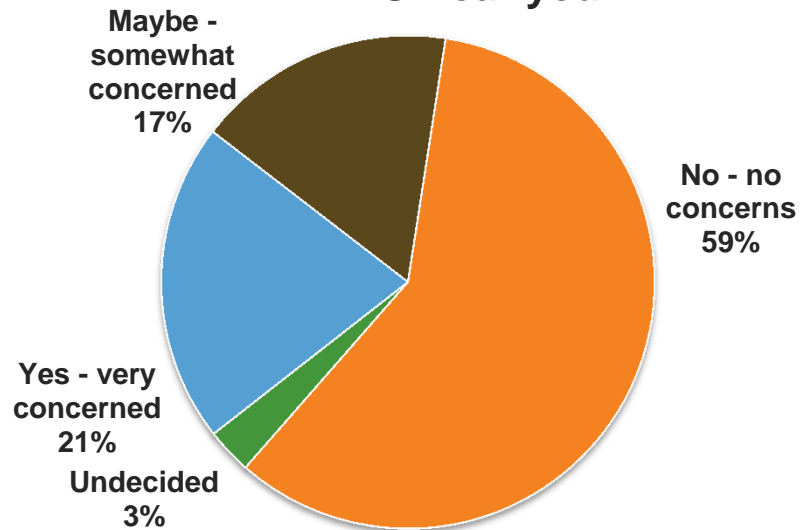


How long have you operated your Airbnb?

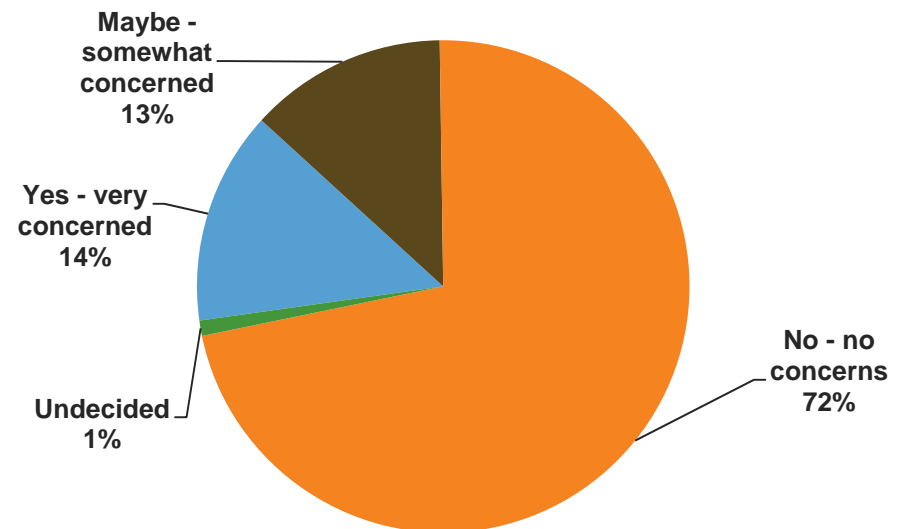


Questionnaire Results

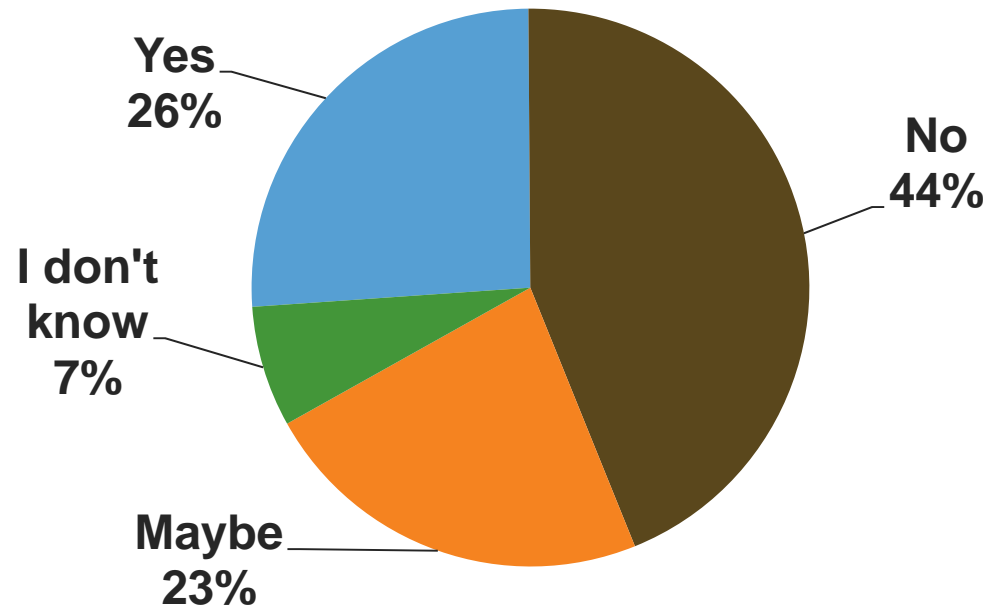
**Do you have concerns with having a
VRBO near you?**



**Do you have concerns with having an
Airbnb near you?**



Do you think VRBO/Airbnb activity should be regulated?



Questionnaire Results

Require a permit through the City	154
Limit the number of occupants at any one time	131
Have owners self-certify that they are paying sales tax and that their units meet safety standards (smoke alarms, egress windows, etc-No onsite inspection.)	103
Limit the number of nights units can be rented	90
Require that all VRBO/Airbnbs are inspected by the City	88
Only allow in certain zones	85
Limit the number City-wide	67
Other	47
Require that VRBO/Airbnbs meet ADA standards	45
Total	206

- § Education, outreach, and enforcement to ensure Lodging Tax remittal
- § Land Use Code definition for Short Term Rental

- § Registration
- § Revocable permit/license
- § Life-Safety checklist/inspection
- § Local Owner/Contact
- § Concentration/Location
- § Parking Requirements
- § Occupancy Requirements

Questions/Direction Sought

1. Does Council want to pursue regulations beyond the collection of Lodging Tax?
2. Is so, what specific concerns should a regulatory system address?
3. Does Council support addressing the concentration of Short Term Rental (STR) activity, particularly in residential neighborhoods?