

# CITY COUNCIL COMMUNICATION FORM

**FROM:** Rebecca Bessey, AICP, Planning & Community Development Director

**THROUGH:** Gary Suiter, City Manager

**DATE:** August 17, 2021

**ITEM:** Short-Term Rental Policy.

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<input checked="" type="checkbox"/>	DIRECTION
<input type="checkbox"/>	INFORMATION
<input type="checkbox"/>	ORDINANCE
<input type="checkbox"/>	MOTION
<input type="checkbox"/>	RESOLUTION
<input type="checkbox"/>	PROCLAMATION

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## **I. REQUEST/ISSUE & BACKGROUND INFORMATION:**

In June 2021, Council directed staff to provide a range of policy options for regulating Vacation Home Rentals and other short-term rentals with the intention of adopting any necessary code amendments within six months of the enactment of the VHR Permit moratorium. In July 2021, there was a consensus among Council that short-term rentals of all kinds have an impact on housing supply and availability, neighborhood character, and overall community character.

As presented at Council's July 13 and July 20 meetings, there is a range of options to consider for regulating short-term rentals, and some options are better suited to addressing specific problems. Options generally fall within the following categories of regulation:

- A. Regulate less
- B. Disincentivize
- C. Status quo – no change to existing policy
- D. Improve enforcement
- E. Broaden land use permit requirement
- F. Add more restrictive use standards
- G. Restrict to certain locations
- H. Limit density or concentration

Based on Council previous direction, the purpose of this worksession is to evaluate restricting short-term rentals to certain location through the creation of one or more overlay zones. Staff has prepared an interactive map to assist in Council's discussion during the meeting. The map includes the following layers:

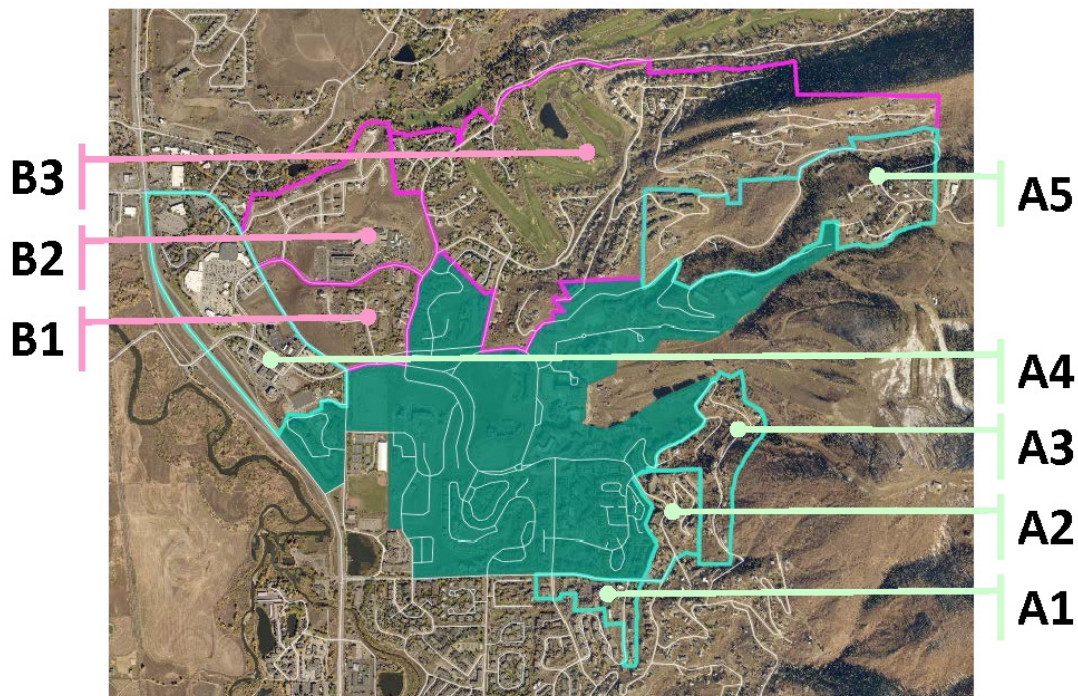
- Existing zoning
- Existing short-term rental regulations (By-Right, By Permit, Prohibited)
- Local v. nonlocal residential ownership (excluding condominiums)
- Current Vacation Home Rental Permits
- Current short-term rental listings (approximate)
- Overlay zone alternative (Attachment 3) \*

\* The overlay zone alternative is intended to provide a starting point for discussion. Additional Council feedback is needed for staff to refine the alternative and form a recommendation.

The overlay zone alternative includes the following areas for consideration:

1. 2 "draft" By-Right zones (Resort and Downtown)
2. 2 "draft" Prohibited zones
3. 8 gaps or areas for discussion (Figure 1)

**Figure 1. Areas for Discussion**

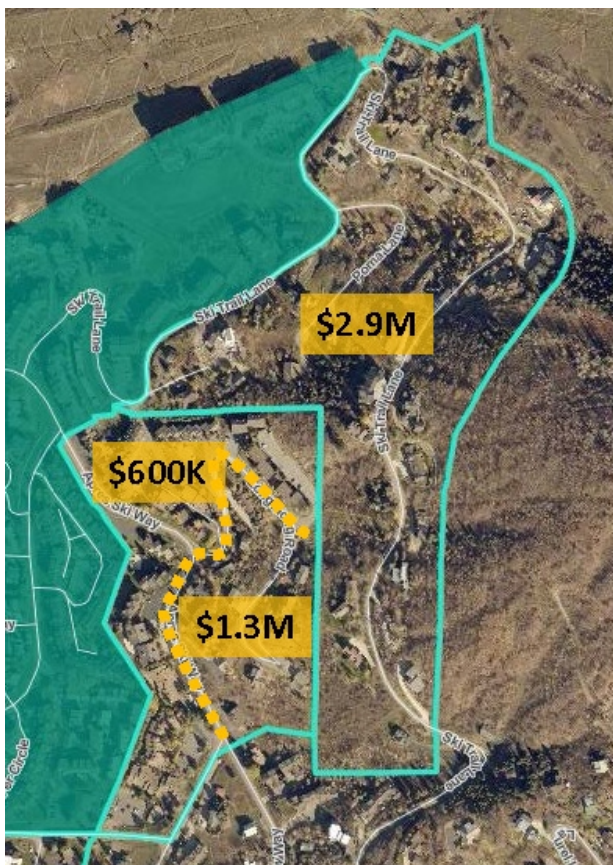


In preparing the overlay alternative, staff considered neighborhood character, as well as proximity to the Ski Area, Downtown, and other amenities. As requested by Council, staff also prepared rough approximations of average home values in the 8 "discussion areas" (Figures 2-7).

**Figure 2. Area A1: Approximate Average Home Value**



**Figure 3. Areas A2 and A3: Approximate Average Home Value**



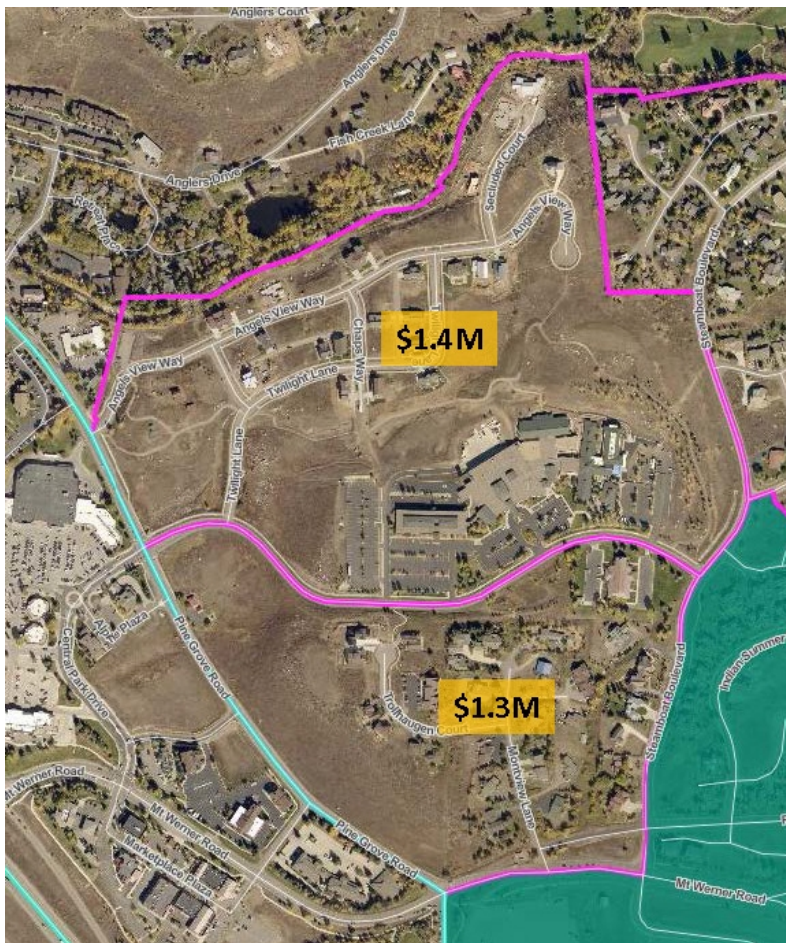


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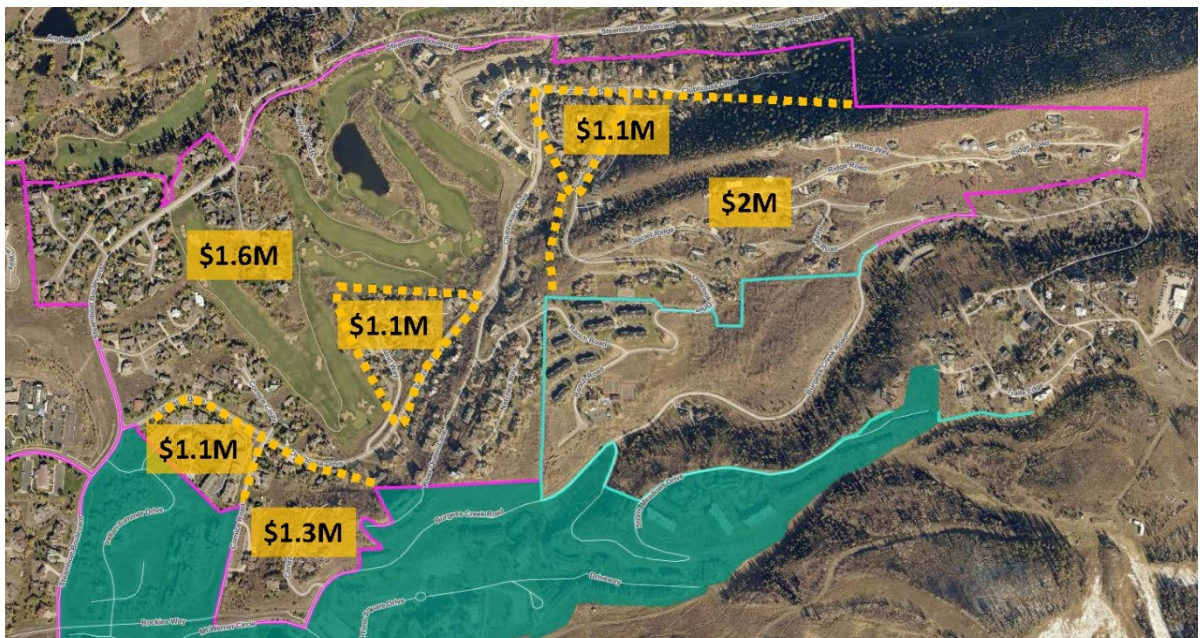
This aerial map shows a residential area with two highlighted lots. The lot on the left is labeled '\$600K' and the lot on the right is labeled '\$2.2M'. A yellow dashed line separates the two lots. The map shows roads, houses, and a body of water at the bottom.



**Figure 6. Areas B1 and B2: Approximate Average Home Value**



**Figure 7. Area B3: Approximate Average Home Value**



Staff will utilize the interactive map to facilitate a discussion of each overlay zone during the Council meeting.

**II. SUMMARY AND ALTERNATIVES:**

Staff is seeking direction from Council on the following:

1. Are the By-Right and Prohibited overlay boundaries appropriate?
2. What zone should be applied to each of the areas of discussion?
  - Expand By-Right zone?
  - Expand Prohibited zone?
  - Assign as Permit zone?
3. What, if any, exceptions would Council like to see in Prohibited zones?
  - Limited short-term rental of primary residences?
  - Hosted short-term rentals?
4. If there is a Permit zone, what use standards are appropriate?
5. What nonconforming protections, if any, should be afforded to existing Vacation Home Rentals and other short-term rentals?

**III. STAFF RECOMMENDATION:**

Staff is seeking direction at this time.

**IV. FISCAL IMPACT:**

Fiscal impacts will be evaluated based upon direction received from Council.

**V. LEGAL ISSUES:**

Legal issues will be evaluated based upon direction received from Council.

**VI. CONFLICTS OR ENVIRONMENTAL ISSUES:**

Conflicts and environmental issues will be evaluated based upon direction received from Council.

**VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:**

This agenda item is consistent with Council's Housing goal which includes modifying short-term rental policies.

**ATTACHMENTS:**

ATTACHMENT 1: Staff Presentation.

ATTACHMENT 2: Public Comment.

ATTACHMENT 3: Overlay Zone Alternative Map.

ATTACHMENT 4: Engage Report (August 10).