

CITY COUNCIL COMMUNICATION FORM

FROM: Dan Foote, City Attorney

THROUGH: N/A

DATE: October 19, 2021

ITEM: SECOND READING OF AN ORDINANCE: An ordinance extending the term and modifying the scope of the moratorium relating to vacation home rental uses imposed by ordinance No. 2819.

_____ DIRECTION
_____ INFORMATION
 _____ ORDINANCE
_____ MOTION
_____ RESOLUTION
_____ PROCLAMATION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

The City Council on July 10, 2021 adopted Ordinance No. 2818, an emergency ordinance imposing a moratorium on accepting applications for, reviewing, or approving or issuing permits for Vacation Home Rental uses. The City Council on August 30, 2021 extended by the moratorium through October 31, 2021 by adopting Ordinance No. 2819. The moratorium applies to Vacation Home Rental uses, which are Short Term Rental uses of single family and duplex units in certain zone districts. The purpose of the moratorium is to maintain the status quo while the City Council reviews the City's zoning and other regulations relating to Vacation Home Rental and Short Term Rental uses.

Council review and adoption of new regulations, if any, will not occur before the expiration of the moratorium on October 31, 2021. If Council wishes to preserve the status quo pending consideration of new regulations for adoption, it will be necessary to extend the term of the moratorium.

The draft ordinance proposes to extend the moratorium through January 31, 2022. The current schedule contemplates Planning Commission hearings

being completed in October. If so, December 20, 2021 would be the earliest an ordinance could be adopted and take effect.

Council directed staff at the September 20, 2021 City Council meeting to consider whether information relating to local versus out of town property ownership by street presented by Sarah Bradford provides a basis for limiting the scope of the moratorium. Staff's evaluation of this information is addressed below.

Council directed staff at the October 12, 2021 City Council meeting to modify the scope of the moratorium by excluding the streets/neighborhoods highlighted in dark and light orange on page 1 of Attachment 3. Staff has prepared a map incorporating this direction. This map is attached to the ordinance as Exhibit "A".

II. SUMMARY AND ALTERNATIVES:

Attachment 1 illustrates where the current moratorium applies. It's important to remember the moratorium only prohibits issuance of new VHR permits (single-family homes and duplex units); it does not apply to short-term rentals of multiple-family units.

As directed by Council, staff has evaluated property ownership data within several geographic areas of the City. The boundaries of these "evaluation areas" were proposed by Sarah Bradford at the September 20, 2021 Council meeting and are illustrated in Attachment 2. Staff used the following methodology to compile the data provided in Attachment 3:

1. Routt County Assessor property data was collected for all physical addresses located within the evaluation areas that are associated with single-family homes and duplex units.
2. Property owner addresses were evaluated for each property and classified as follows:
 - a. Local = Steamboat Springs, CO (This includes physical street addresses and PO Boxes)
 - b. Matching = physical property address matches property owner mailing address
 - c. Steamboat PO Box = property owner mailing address is a local PO Box
3. Percent local ownership was calculated two ways:
 - a. Based on all local property owner addresses

b. Based on only matching addresses

4. Data has been sorted by individual street and also by neighborhood where multiple streets comprised a development or where otherwise logical due to proximity and access.

5. Streets and neighborhoods with local ownership at 25% or less have been identified.

Property ownership data provides one means of evaluating the character of an area. However, it's important to note the following when reviewing the data and making decisions:

- Ownership data does not indicate use of property. For example, a property owned by an out-of-town owner could be used as a second home for the owner or as a primary home for a local long-term renter.
- Many locals have historically used PO Boxes as their mailing address. Relying on matching addresses only could exclude local property owners from the analysis. While there is no way to determine whether a PO Box is registered to a local or nonlocal, it should be noted that the Routt County Assessor relies on these property owner addresses for delivering property tax bills.

III. STAFF RECOMMENDATION:

Staff recommends that Council take a conservative approach when relying on the property ownership data as a basis for evaluating neighborhood character. While property ownership information is useful in evaluating neighborhood character, owner mailing addresses are not a perfect method of determining ownership and it is unclear how P.O. Boxes should be treated. In areas where the available information, including assessor address data, does not provide a clear picture of the character of the neighborhood, staff recommends deferring a decision to remove those areas from the scope of the moratorium.

Staff recommends adoption of the proposed ordinance with the revisions as described above. As currently drafted, the map implements the direction given at the October 12, 2021 meeting.

IV. FISCAL IMPACT:

Extension of the moratorium may have a negative impact on City sales tax collections by preventing an unknown number of property owners from obtain Vacation Home Rental permits and engaging in taxable rental transactions. The scope of this impact is unknown because the number of affected properties is

not known. Nor is it known how much of the potential client base of the affected properties would find substitute lodging.

V. LEGAL ISSUES:

As described above.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

Extending the moratorium will prevent an as yet unknown number of property owners from obtaining Vacation Home Rental permits and engaging in rental activity.

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

This item relates to the City's housing goal and in particular the goal of modifying short term rental policies.

ATTACHMENTS:

- Attachment 1: Current moratorium boundaries
- Attachment 2: Evaluation area map and selected neighborhoods
- Attachment 3: Assessor Address Data – Staff analysis
- Attachment 4: Assessor Address Data – Bradford analysis
- Attachment 5: Public Comment