

CITY COUNCIL COMMUNICATION FORM

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

THROUGH: Gary Suiter, City Manager

DATE: May 17, 2022

ITEM: FIRST READING OF ORDINANCE: An ordinance amending the City of Steamboat Springs Official Zone Map to adopt the Short-Term Rental Overlay (STR) Overlay Zone, PL20220133.

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

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

Background: In June 2021, City Council directed staff to provide a range of policy options for regulating short-term rentals. In July 2021, City Council and Planning Commission identified the following three issues as the purpose of the policy discussion and any potential code changes:

- Housing supply and availability
- Neighborhood character
- Overall community character

Staff presented a range of options to consider for regulating short-term rentals. After several work sessions, City Council directed staff to move forward with improved enforcement and to work with Planning Commission to draft a Short-Term Rental Overlay Zone.

Description: The proposed Short-Term Rental Overlay Map creates the boundaries of the three zones and six subzones established by the proposed Short-Term Rental Overlay Text Amendment PL20220134.

- Zone A: Unlimited
- Zone B: Restricted
 - Subzone B1: Sunlight

- Subzone B2: Old Town
- Subzone B3: Fairway / Clubhouse
- Subzone B4: Walton Creek / Whistler
- Subzone B5: Walton Creek / Village / Columbine
- Subzone B6: Alpenglow
- Zone C: Prohibited

Planning Commission Recommendation: The Planning Commission held a public hearing on April 28, 2022 and recommended approval (5-2) of the proposed Short-Term Rental Overlay Zone Map.

Public Comment: Considerable public comment has been received on the proposed ordinance. Please refer to the public comment and the Planning Commission draft minutes attached to the Agenda Item regarding PL20220134.

II. SUMMARY AND ALTERNATIVES:

City Council may approve as presented, approve with revisions, table, or deny the ordinance. If the STR Overlay Zone and Licensing ordinances are not adopted and effective prior to the expiration of the VHR permit moratorium, the current code will continue to apply.

III. STAFF RECOMMENDATION:

Staff recommends approval of the Ordinance as presented.

IV. FISCAL IMPACT:

There will be expenses associated with implementing the STR Overlay Zone and Licensing, including staff and contracts for services (CityView and Granicus). These expenses will be offset by the revenue generated from the STR Licensing fee.

V. LEGAL ISSUES:

The City has well established authority to adopt reasonable zoning regulations. This authority extends to regulating long-term residential uses differently than short-term residential uses. There is ample evidence that the two uses differ in their impacts on neighboring properties and community character. Accordingly, the proposed Overlay Zone is a valid exercise of the City's zoning authority.

Zoning regulations must be imposed in a way that adequately protects the value of existing improvements and reasonably restricts existing uses. The proposed ordinance would extend nonconforming status to existing short-term rental uses (i.e. these properties will be "grandfathered") if the owners provide

evidence to the City that the use was lawfully established prior to the effective date of the proposed ordinance. This policy is sufficient to protect the interests of the owners of property currently being used for short-term rental purposes.

The City also has well established authority to adopt licensing ordinances to regulate businesses and occupations. Although there is some debate as to whether short-term rental uses are commercial or residential in nature, it is clear that this use constitutes a business or occupation in that it involves the provision of services to unrelated parties in return for cash payments. This type of business or occupation is widely regulated by Colorado municipalities through licensing requirements. The proposed licensing ordinance is consistent with the City's general licensing authority, with the widely accepted practices of other communities, and, as such, constitutes a valid exercise of the City's police powers.

Finally, Colorado law permits the City to impose fees to offset the costs of services provided. This authority extends to the imposition of licensing fees to offset the costs of licensing regulations. The proposed ordinance would authorize the City Manager to set the licensing fee to offset the costs of administering and enforcing the licensing ordinance. The City Manager's imposition of a fee pursuant to the proposed ordinance is a valid exercise of the City's legislative power to raise revenue.

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

There are no apparent conflicts or environmental issues.

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

This item is directly related to Council's goal to address the City's short-term rental issue through adoption of regulatory policies, enforcement rules, licensing procedures, and establishment of a fee structure.

ATTACHMENTS:

Attachment 1: Staff Report, 4/15/2022.

For Draft Planning Commission Minutes, Staff Presentation, and Public Comment, refer to Agenda Item regarding PL20220134.