

CITY COUNCIL COMMUNICATION FORM

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

THROUGH: Gary Suiter, City Manager

DATE: December 7, 2021

ITEM: Short-Term Rentals.

DIRECTION
 INFORMATION
 ORDINANCE
 MOTION
 RESOLUTION
 PROCLAMATION

I. REQUEST/ISSUE & BACKGROUND INFORMATION:

Policy Options and Process

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; however, these impacts were not quantified or prioritized.

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

After several worksessions, Council indicated support for further exploring disincentives and directed staff to move forward with improved enforcement and drafting of a STR Overlay Zone. Staff has been working with Planning Commission to develop a recommendation regarding the Overlay Zone concept.

Moratorium and Timeline

Council adopted a 90-day moratorium on all new VHR Permits by emergency ordinance in June. In July and August, Council considered first and second readings of an ordinance to extend the initial moratorium for a period of six months. Ultimately, the moratorium was extended to October 31. In October, Council again considered whether to extend the moratorium, as well as whether to modify the applicability of it.

As directed by Council in October, staff 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. Staff used the following methodology to compile the data provided in Attachment 2:

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 street groupings where multiple streets comprised a development or where otherwise logical due to proximity and access.
5. Streets and street groupings with local ownership at 25% or less were 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.

Based on this analysis, Council adopted a modified moratorium in October that excluded certain street groupings with 25% or less local ownership based on matching owner mailing and physical address and extends through January 31.

Attachment 3 illustrates where this current modified 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.

II. SUMMARY AND ALTERNATIVES:

Staff is looking for direction on what, if any, additional policy options Council is interested in, as well as whether Council would like to reconsider the deadline and applicability of the current moratorium.

III. STAFF RECOMMENDATION:

Staff recommends that Planning Commission be directed to provide a complete recommendation regarding Council's preferred policy options. Staff also recommends extending the moratorium as needed to complete the policy process in a reasonable timeframe.

IV. FISCAL IMPACT:

n/a

V. LEGAL ISSUES:

n/a

VI. CONFLICTS OR ENVIRONMENTAL ISSUES:

n/a

VII. CONSISTENCY WITH COUNCIL GOALS AND POLICIES:

This agenda item relates to Council's housing goal.

ATTACHMENTS:

Attachment 1: Staff Presentation.

Attachment 2: Property Ownership Data.

Attachment 3: Modified Moratorium Map.

Attachment 4: Public Comment