



WORKSHOP COVER SHEET

TO: FRUITA PLANNING COMMISSION
FROM: PLANNING & DEVELOPMENT DEPARTMENT
DATE: AUGUST 11, 2020
RE: DISCUSSION ON SHORT TERM RENTALS

BACKGROUND

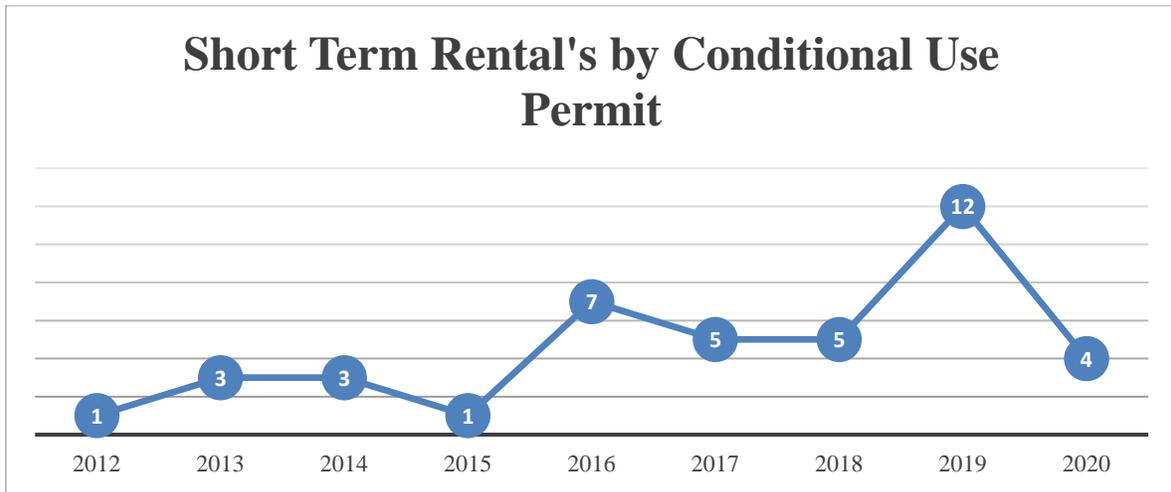
The purpose of this coversheet is to provide the Planning Commission background information on Short Term Rentals. This is meant to provide context about the current status of these types of uses and to get direction from the Planning Commission on potentially moving forward with some draft Land Use Code language.

The City of Fruita defines Short-Term Rentals or VRBO's as a Bed & Breakfast. Section 17.03 of the Land Use Code defines a Bed & Breakfast as a facility of residential character that provides sleeping accommodations with or without meals for hire on a day-to-day basis. Although Bed & Breakfast doesn't sound or give the impression of a Vacation Rental or VRBO, its definition from the Land Use Code lines up with the use. Below is the Land Use/Zoning Table which represents where a Bed & Breakfast type of use is either Allowed (A), Allowed by Conditional Use Permit (C), or Not Allowed (*):

Section 17.07.060 (F)											
LAND USE/ZONING TABLE											
	AR	RE	RR& LLR	CR	CMU ¹	SFR	DMU	MP	GC	I	CSR
COMMERCIAL											
Bed and Breakfast (1-4 guest rooms) See Section 17.07.070 (A)	C	C	C	C	C	C	A	C	A	*	*
Bed and Breakfast (4+ Guest rooms)	*	*	*	*	*	*	A	C	A	A	*

Based on our records, Short Term Rentals have become more popular each year starting around 2012. The graph below shows the number of Conditional Use Permits per year. There is a challenge keeping our records accurate with how many are in operation, however, there appears to be **40** active (permitted) Short-Term Rentals within the city limits. It's also been found that

there are approximately 10 in operation without a business license and any other applicable permitting requirements.



Short-Term Rentals, as a percentage of total land development applications, accounts for nearly 20% each year. This means, nearly 20% of all land development applications reviewed by staff are conditional use permits for short term rentals.

Of the 33 applications reviewed by Planning Commission in 2019, 36% were for Short-Term Rental applications. Currently, of the 9 applications reviewed by Planning Commission this year, nearly 50% have been for Short-Term Rentals.

The location of these types of uses is important to put into perspective. Of the 40 that the city has permitted record of, about 80% are within the Ottley/Pine border shown on the maps provided.

Attachments:

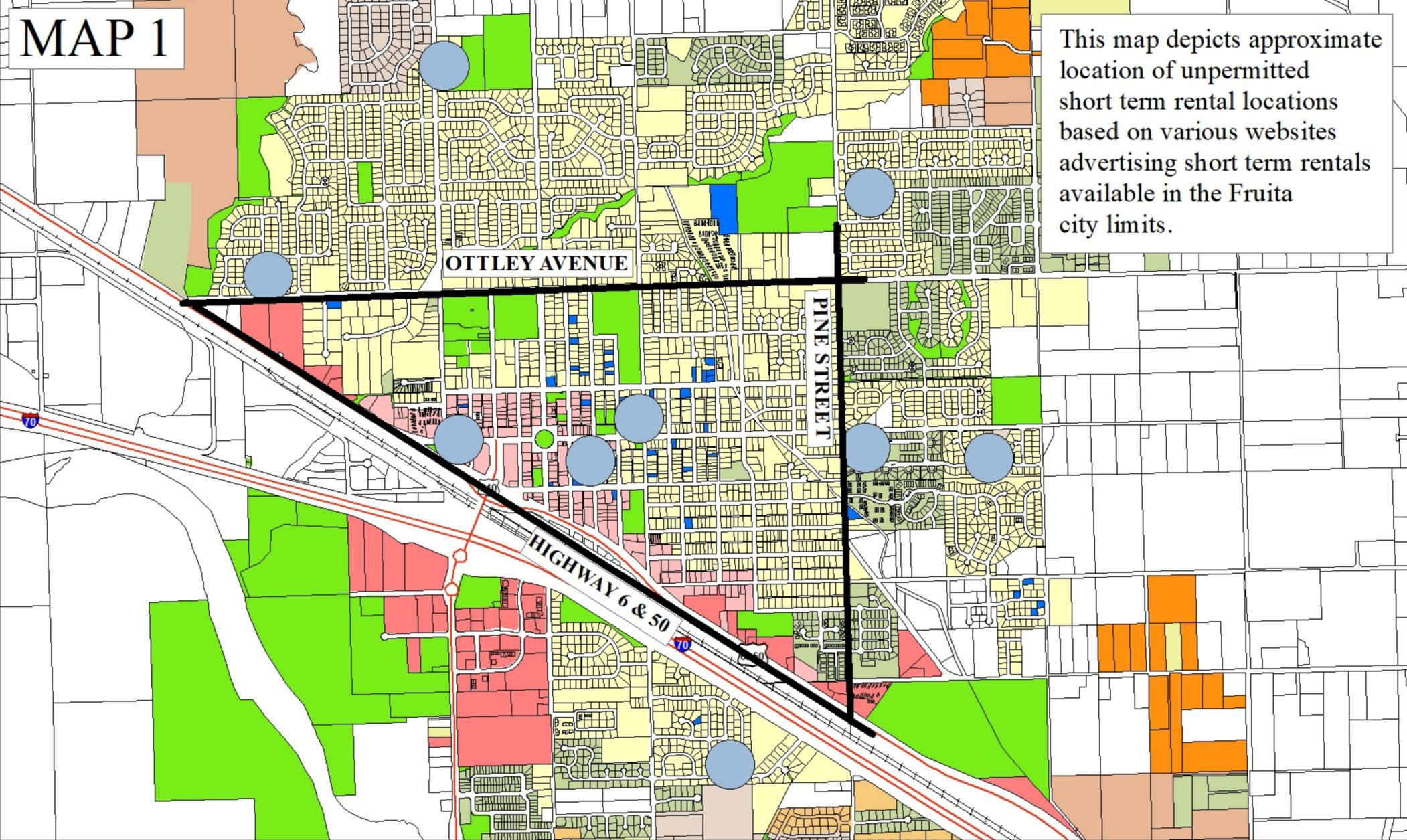
1. Map 1 – Unpermitted locations based on various websites advertising short term rental in Fruita city limits.
2. Map 2 – Currently permitted (business license, Conditional Use Permit if necessary).
3. Short Term Rental Summary from Design Workshop

Topics for discussion:

- A. Discuss the number of Short-Term Rentals.
- B. Review of how other communities address Short-Term Rentals.
- C. Discussion of potential Land Use Code Amendments.

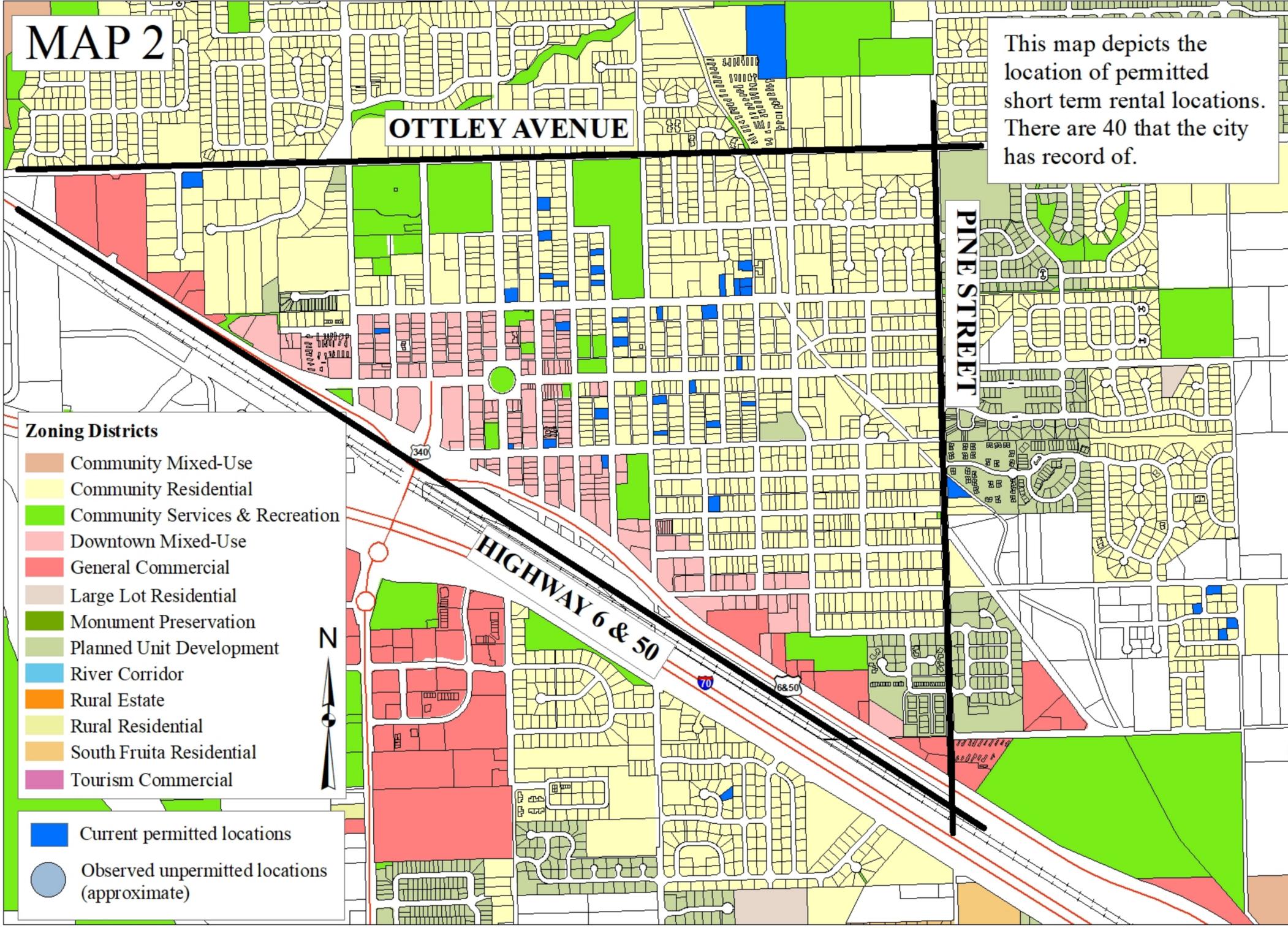
MAP 1

This map depicts approximate location of unpermitted short term rental locations based on various websites advertising short term rentals available in the Fruita city limits.



MAP 2

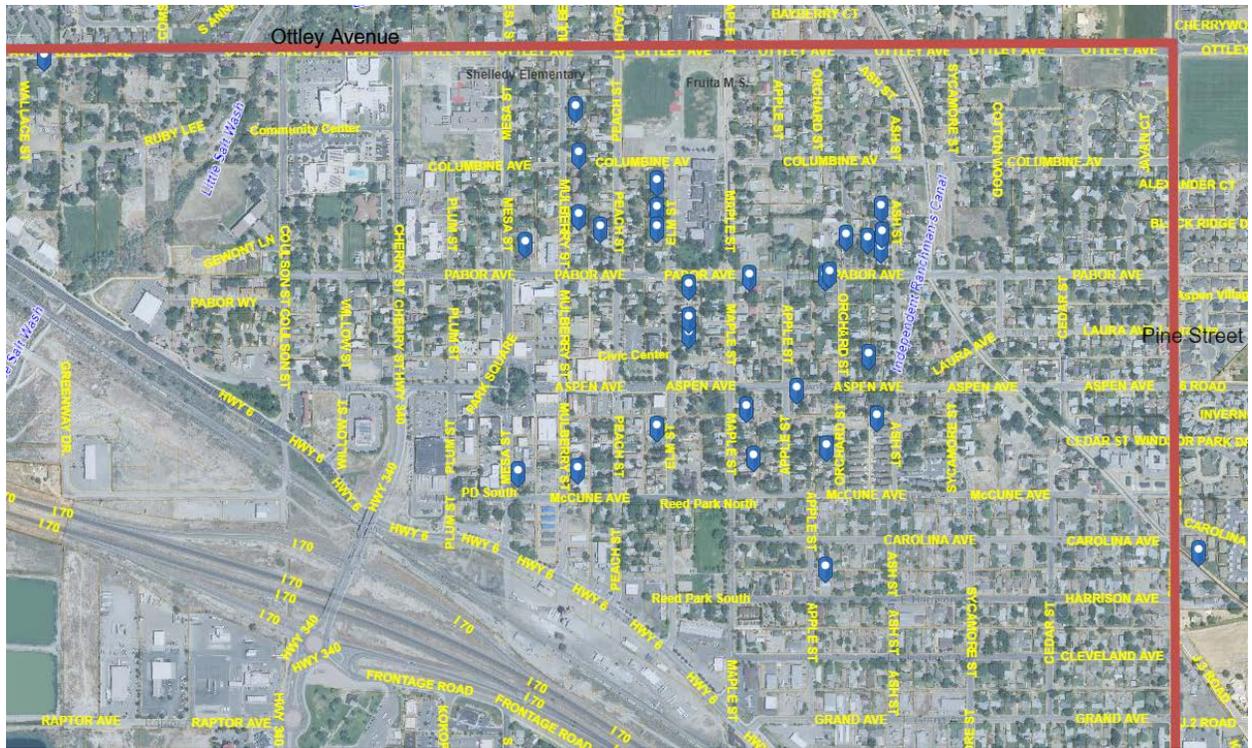
This map depicts the location of permitted short term rental locations. There are 40 that the city has record of.



- Zoning Districts**
- Community Mixed-Use
 - Community Residential
 - Community Services & Recreation
 - Downtown Mixed-Use
 - General Commercial
 - Large Lot Residential
 - Monument Preservation
 - Planned Unit Development
 - River Corridor
 - Rural Estate
 - Rural Residential
 - South Fruita Residential
 - Tourism Commercial

- Current permitted locations
- Observed unpermitted locations (approximate)





DESIGNWORKSHOP

Landscape Architecture

Planning

Urban Design

Strategic Services

120 East Main Street

Aspen, Colorado 81611

970.925.8354

MEMORANDUM

To: City of Fruita: Dan Caris, Henry Hemphill, Kelli McLean

From: Design Workshop: Jessica Garrow
White & Smith: Mark White

Date: July 30, 2020

Project Name: Fruita Land Use Code Update

Project #: 6298

Subject: Short Term Rentals Summary

Introduction

Short-term rentals have become common throughout the country since about 2012 when platforms like VRBO, HomeAway, and Air BnB began creating new platforms for people to rent out their home or apartment to strangers. A short-term rental, or vacation rental, is generally defined as: *the renting out of a furnished home, apartment or condominium for a short-term stay. The owner of the property usually will rent out on a weekly basis, but some vacation rentals offer nightly rates.* (google.com). These provide an additional hospitality product in communities, providing opportunities for visitors to stay in a home rather than a hotel.

Short-term rentals are an issue that communities across Colorado and the nation are grappling with. Communities seek to determine the answers to questions like how many should be allowed, what regulations should apply, how do short-term rentals impact longer term community housing, and what type of licensing should occur. While the issue is common, the solutions and decisions communities make about short-term rental are not. As Fruita embarks on a discussion of how to best manage short term rentals, information about best practices throughout the state can provide some context to how new rules and regulations could be crafted.

Framework and Findings

This review of short-term rentals focused on communities in Colorado that are similar to Fruita – small towns, mostly located in the western slope. The communities reviewed include: Aspen, Breckenridge, Crested Butte, Durango, Eagle, Estes Park, Frisco, Minturn, Salida, Silverthorne, Steamboat Springs, Vail, Winter Park, Grand County, Ouray County, and Routt County. The topics reviewed include: does the community have a formal program; licensing requirements and cost; sales and lodging tax; requirements for safety inspections; public noticing; and location limitations. A matrix of this analysis is included as Attachment A.

Of the communities reviewed, only Routt County does not allow short term rentals. They have therefore been excluded from the attached matrix. Each of the other communities has varying degrees of regulation – some have strict location limitations like Durango and Minturn, while others are more permissive like Aspen or Eagle. Nearly all require collection of sales or lodging tax, and a licensing fee. The processes for vacation permits tend to be fully administrative, with only four communities requiring some kind of public noticing: Crested Butte, Durango, Steamboat Springs, and Vail.

Certain communities have created strict location restrictions to limit the housing stock that is used for short-term rentals and to help preserve neighborhoods. Minturn, Crested Butte, and Salida all have percentage limits on the number of residential units in the community that can be part of a short-term rental program. Communities with affordable housing programs tend to prohibit the use of deed-restricted units for short-term rentals in an effort to preserve that housing for local working residents but allow short-term rentals in free-market housing units.

Licensing fees range from \$50 in Salida to \$1,500 in Crested Butte; however most communities have permitting fees between \$75 and \$300. Sales and Lodging taxes are collected in every community reviewed, and an annual business license is required. Most communities have an in-house compliance officer or utilize compliance tracking software to track short-term rentals to ensure they have a valid license.

Most communities do not require a separate safety inspection, but nearly all require the owner or license holder to certify that the property is safe for occupancy. Communities also require owners provide information to renters about trash, noise, wildlife, parking, and lighting requirements.

Conclusions

Generally, communities with a short-term rental program have the following common program characteristics:

- Initial permit review and fee followed by an annual business license requirement
- Collection of sales tax, lodging tax, or both
- Self-certification by the property owner or license holder that the unit is safe and that basic information will be provided to renters
- Administrative permit process with no neighbor notification

While each program is unique, there are common goals for each program:

- Balance the needs of the local community with that of guests
- Mitigate neighborhood impacts to preserve community character
- Address life safety
- Manage impacts of short-term rentals on overall housing supply

Attachments

A: Matrix of community analysis

Short Term Rental Information															
	Grand County	Ouray County	Aspen	Breckenridge	Crested Butte	Durango	Eagle	Estes Park	Frisco	Minturn	Salida	Silverthorne	Steamboat Springs	Vail	Winter Park
Official Program	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
Licensing Requirements and Cost	\$200	\$300 / \$150 renewal	\$150+	\$75-\$175	\$1500 / \$750 renewal	\$750; annual \$100 business license fee	No fee established	\$200 base/ \$50 per bedroom	\$75	\$300	\$50 / \$25 renewal	\$75/year	\$50 Sales Tax Fee; \$75 annual renewal; \$500 VHR permit	tiered fee structure-- \$150 per unit for unmanaged properties, \$10 per unit for managed units, \$5 per unit for condotel managed units (24x7 front desk)	Annual business license fee of none \$60
Tax Charged (Sales, Lodging, Both, or Neither)	S&L	S&L	S&L	S	S&L	S&L	S&L	S	S&L	S&L	S&L	S&L	S&L	S&L	S
Safety Inspections Required	X				X	X		X		X	X Self-Inspection				
Public Noticing					Yes, 100 foot radius	Yes, 300 foot radius							X	Yes, for Duplex owners only	
Location limitations			Allowed in all zone districts, but deed-restricted affordable housing units are prohibited to be used as a STR		Crested Butte limits the number of vacation rentals to 30% of the total free market residential units	Only allowed in certain zones. The Established Residential Zone has a cap of 39 and 29 on a waitlist; additional location limitations to restrict numbers by block		Estes Park capped registrations in residential zoning districts at 588		Minturn has a limit that no more than 10% or 50, whichever is fewer, of the residential housing units shall be licensed as STRs in the town at any time.	Salida has a maximum number of STRs in Residential zones to not exceed 3.5 percent of the total number of dwelling units eligible as STRs		Limited to certain Residential and TND Districts, but no specific cap is established.	Allowed in all zone districts, but deed-restricted affordable housing units are prohibited to be used as a STR	
Other Notes			Requires a local representative to be available when the unit is rented				Program was adopted in May 2020; is very similar to the Aspen and Vail programs						Occupancy is limited to no more than 16, or 1 person per 200 sq ft of floor area - whichever is more restrictive	Requires a local representative to be available when the unit is rented	