



Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: March 2, 2020

Re: Establishing an Administrative Delay in the Enforcement of Chapter 29, Chapter 22 and Chapter 13 Regulations Relating to Short-term Rentals

## Executive Summary

Staff has prepared for Council consideration an ordinance that creates an administrative delay in the enforcement of short-term rental regulations. The delay will allow existing operators to honor current lodging commitments through September 1, 2020 without obtaining a Certificate of Compliance (rental certificate).

The ordinance also delays the effective date of the separate ordinances amending Chapter 29 (Unified Development Code); Chapter 22 (Rental Conservation Law); and Chapter 13 (Business Licenses) as they apply to short-term rental. This will allow staff some ramp-up time to prepare publicity, application materials, and data needed to administer and enforce the ordinance. It will also allow STR operators time to submit applications.

## Discussion

### Delay until September 1, 2020

Section 1 of the administrative delay allows existing short-term rental operators the opportunity to honor current bookings without changes until September 1, 2020. It is anticipated that bookings will increase in September as the academic year begins. Thereafter operators must be in full compliance with the provisions of Chapter 29.

No new bookings are permitted during this delay period unless the operators comply with the ordinance. This provision may encourage some early registrations of short-term rentals.

The ordinance also delays enforcement of the following provisions:

- Section 2: Chapter 22 requirements related to the necessity to obtain a certificate of compliance to operate a short-term rental, on the condition that persons cease from advertising the availability of new short-term rental dates unless the person has obtained a rental certificate in compliance with Chapter 22;
- Section 3: Chapter 13 requirements related to the necessity to obtain a business license to operate a short-term rental, on the condition that persons cease advertising the availability of short-term rental dates unless the person has obtained a business license under the new provisions.

### Not delayed:

The ordinance does not exempt any person operating a short-term rental from payment of the gross receipts tax. Any new bookings will have to be authorized through either an administrative approval or a conditional use approval of an STR as provided in the new ordinance.



### Implementation, administration and enforcement:

The first step is a communications plan to publicize the ordinances and their provisions. Communications will announce how existing and prospective operators must and may register, and what will be required to remain or be in compliance. A number of existing STRs will not conform to the ordinances.

Staff will use existing processes with modified application forms to handle the intake. Additional forms, such as the operator's attestation, and the "eligibility for platform listing" will be created. The STR certificate of compliance forms will include additional content, including the owner's affidavit of days of residency (to qualify the STR as hosted or unhosted), the contact information for designated agents, and the disclosure of the platform(s) ("intermediaries" in the ordinance).

Staff will dedicate resources to the identification of unregistered short-term rentals in the community. Inspections staff will respond as scheduled (with new applications) and as needed (to complaints and observed violations). The additional intake of certificates of compliance could be as much as a one to three percent increase of existing dwelling units/rental structures currently in the system (i.e., there are 28,000 dwelling units in 10,000 buildings in the rental inventory; this estimate uses 300 as number of STRs).

### Fiscal Impact

Short-Term Impact: City will collect gross receipts tax notwithstanding the delay. Additional fees from Ch. 22 (STR certificates of compliance), Ch. 13 (business license and nuisance enforcement fees), and Ch. 29 (conditional use permits when applicable) will be received with increasing frequency during the next two years, especially after the close of the delay period.

Long-Term Impact: Fee and revenue collections should stabilize unless there are unforeseen changes in the short-term rental market.

### Strategic & Comprehensive Plan Impact

#### Strategic Plan Impacts:

Primary Impact: Public Safety, Secondary Impact: Public Safety, Tertiary Impact: Economy

#### Comprehensive Plan Impacts:

Primary Impact: Livable & Sustainable Communities, Secondary Impact: Land Use & Growth Management, Tertiary Impact: Economic Development

### Legislative History

Date	Action
02/03/20	Amended and tabled bill B348-20 (Chapter 29 Unified Development Code); bill B22-20 (Chapter 13 Business Licensing and Chapter 26 Taxation); and bill 23-2-20 (Chapter 22 Rental Conservation)

### Suggested Council Action

Approval of the ordinance.