



Department Source: Community Development - Planning

To: City Council

From: City Manager & Staff

Council Meeting Date: May 6, 2024

Re: Short-term Rentals – UDC Text Change (Case #123-2024)

## Executive Summary

Approval of this request would provide consistency of definitions between a Tier 2 short-term rental (STR) and Tier 1 and Tier 3 STRs. Additionally, approval would provide a “long-term resident” of a Tier 2 STR authorization to seek a conditional use permit (CUP) to operate their principal residence up to a maximum of 210 nights in the A, R-1, R-2, and R-MF zoning districts. These amendments are being submitted to establish parity between dwelling units that are or are not a long-term resident's principal residence.

## Discussion

The City's Planning and Zoning Commission and staff, have prepared proposed text changes to the recently adopted regulatory standards governing short-term rentals (STRs) that were adopted on February 5, 2024. The new regulatory provisions will become “fully” effective on June 1, 2024. The proposed amendments are offered to ensure parity between Tier 2 STRs are or are not a long-term resident's principal residence with respect to the maximum number of allowable rental nights. Additionally, the definitions of a Tier 1 and Tier 3 STR are proposed to be modified to read consistently with the amended definition of a Tier 2 STR.

During the Council's February 5, 2024 second reading of the recently adopted STR regulations, Council increased the number of allowable rental nights for a Tier 2 STR not occupied by a “long-term resident” to 210 nights, subject to a conditional use permit (CUP). The original version of the ordinance contained provisions that established 120 nights as the maximum for both dwelling units that were or were not a long-term resident's principal residence. The increase in rental nights has created an imbalance in the regulations and is believed to favor the establishment of STRs not occupied by a “long-term resident”. This outcome is contrary to one of the underlying principles of the Planning Commission's proposed regulations which aimed to promote retaining “long-term resident” occupied STRs.

Given the distinction in the maximum allowed rental nights, it was also necessary to amend the proposed definition of a Tier 2 STR. The revised definition that was adopted on February 5, 2024, contains a cross-reference to the use-specific standards for Tier 2 STRs in efforts to provide clarity under what circumstances a dwelling unit would be eligible for an administrative approval or require a CUP approval.

The attached amendment proposes to address the imbalance in available rental nights within Tier 2 by clarifying that a conditional use permit may be sought if a dwelling unit is or is not a long-term resident's principal residence. The additional of the clause “or is” provides two scenarios in which a CUP can be requested. In either instance, the requirements for a



CUP would be triggered in order to authorize use of that dwelling unit for up to a maximum of 210 nights.

It should be noted that this proposed change does nothing to the provisions that are applicable to a dwelling unit that is a long-term resident's principal residence. Such a dwelling unit would be permitted to obtain a short-term rental certificate of compliance and business license allowing up to 120 nights provided all application and use-specific criteria are met. No additional regulatory approvals would be required.

To ensure consistency with the structure of the definitions for Tier 1 and Tier 3 STRs with that of a Tier 2 STR, the definitions for Tier 1 and Tier 3 are to be modified to include a cross-reference to their applicable use-specific standards. No other changes are proposed within the definitions or their corresponding use-specific standards.

A public hearing on these amendments was held by the Planning and Zoning Commission at their April 4, 2024 meeting. Staff provided its report and no members of the public spoke. There was brief Commission discussion on the matter. Following that discussion, a motion was made to approve the proposed amendments which passed unanimously by a vote of (8-0).

A copy of the Planning and Zoning Commission staff report, text amendment, and meeting minute excerpts are attached for review.

### Fiscal Impact

Short-Term Impact: None anticipated.

Long-Term Impact: None anticipated

### Strategic & Comprehensive Plan Impact

[Strategic Plan Impacts:](#)

Primary Impact: Resilient Economy, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

[Comprehensive Plan Impacts:](#)

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

### Legislative History

Date	Action
02/5/2024	Adopted zoning standards regulating short-term rentals (Ord. 025562)

### Suggested Council Action

Approve the proposed UDC text change as recommended by the Planning and Zoning Commission.