

**TOWN COUNCIL ACTION ITEM  
STAFF SUMMARY  
November 20, 2018 COUNCIL MEETING**

**DATE:** November 15, 2018

**AGENDA ITEM NUMBER:** 5

**TOPIC:** Short-Term Rental Regulations and Fees.

**ACTION TO BE CONSIDERED:** Public Hearing and Second Reading of Ordinance No. 09- 2018, Series of 2018

**BACKGROUND/TIME FRAME:** Short-Term Rentals and concepts for potential regulates were discussed at the October 2, 2019 and October 16, 2018 work session meetings. At the October 16, 2018 work session, a summary of the results of October 4, 2018 public input meeting were discussed. Primary and Secondary goals were presented at October 2, 2018 meeting and concept boards were presented in preparation of a public input meeting that was held at Town Hall on the following Thursday evening October 4, 2018. As a result of the discussion with Council at the October 2, 2018 work session, an additional regulation concept board was created regarding a grace period for individuals to come into compliance before any enforcement would be done. Staff is also recommending that the ordinance be effective January 1, 2019 and with the grace period short-term rental licensing and renewals would be required by April 1<sup>st</sup> of each year.

**SUMMARY:**

**Primary Goals:**

- Ensure that all properties that are renting short-term are registered with the Town and are paying the applicable sales and lodging taxes.
- Provide Short-Term Rentals with information on Town ordinances for noise, trash/recycling and parking.

**Secondary Goals:**

- Ensure that Short-Term Rentals meet basic life safety standards.
- Participate in countywide call center for the community to share impacts from Short-Term Rentals and other concerns.

Staff is recommending amending Chapter 6 of the Dillon Municipal Code by adding Article XI regarding the Licensing of Short-Term Rental Units as attached to meet the above goals.

**BUDGET IMPACT:** We anticipate the utilization of staff and legal time to develop the ordinance and regulations. Implementation costs will be covered by the Short-Term Rental registration fee. With the third-party administration costs this anticipated to be \$40 to \$50 per year per unit.

**PUBLIC POLICY GOALS SUPPORTED:**

- The Town of Dillon provides conscientious stewardship of Dillon's resources, amenities and environment, now and into our future.

**MOTION FOR APPROVAL:** I make a motion to approve Ordinance No. 09 2018, Series of 2018.

**ACTION REQUESTED: MOTION, SECOND, ROLL-CALL VOTE**

*Resolutions require affirmative votes from majority of council members present*

*Ordinances require four (4) affirmative votes*

*Emergency ordinances require five (5) affirmative votes*

**DEPARTMENT HEADS RESPONSIBLE:** Tom Acre, Town Manager and Carri McDonnell, Finance Director

**ORDINANCE NO. 09 - 18**  
**Series of 2018**

**AN ORDINANCE AMENDING CHAPTER 6 OF THE DILLON  
MUNICIPAL CODE BY ADDING ARTICLE XI REGARDING THE  
LICENSING OF SHORT-TERM RENTAL UNITS**

**WHEREAS**, it is necessary to update the Town Code from time to time to reflect changes in technology and business practices; and

**WHEREAS**, owners of residential units within the Town may be allowed to rent their dwelling units for periods of time less than 30 days conditioned on paying a short-term rental license fee, being licensed to conduct business, and the payment or collection and remittance of applicable state and local taxes; and

**WHEREAS**, the Town Council finds that owners of short-term rental units which are using the “new economy” to operate their rentals may not be fully aware of or in compliance with the licensing, tax, or other requirements for their businesses; and

**WHEREAS**, the Town Council works to ensure the health, welfare, and safety of Town residents and visitors by the adoption and enforcement of ordinances for fire safety, trash removal, noise, parking, and other provisions that support expedient responses to emergencies; and

**WHEREAS**, the Town Council concludes that specific regulation and licensing for short-term rentals will help balance the community’s interest in attracting visitors while maintaining a high quality of life for full and part-time Town residents; and

**WHEREAS**, the Town Council believes that establishing specific regulations and licensing requirements for short-term rental units, including setting fees in reasonable relation to the cost of such regulation, is necessary to protect the public health, safety and welfare.

**NOW, THEREFORE, BE IT ORDAINED, BY THE TOWN COUNCIL OF THE TOWN OF DILLON, COLORADO, AS FOLLOWS:**

Section 1. Chapter 6 of the Dillon Municipal Code is hereby amended by the addition of a new Article XI, Short-Term Rental License, to read as follows:

**Sec. 6-11-10. – Legislative Intent.**

(a) The purpose of this Article is to establish comprehensive regulations to safeguard public health, safety and welfare by licensing short-term rental properties in the Town.

(b) This Article applies to accommodations for rent or lease for a period of less than thirty (30) consecutive days, as defined in Section 4-6-20 of this Code, but only when the accommodation is assessed in the residential property classification for property tax purposes based on the classification system in effect when this ordinance was enacted.

(c) This Article is not intended to supersede any private conditions, covenants or restrictions applicable to a short-term rental unit.

**Sec. 6-11-20. – Definitions.**

The following words and phrases, as used in this Article, shall have the following meanings:

*Owner* means the record owner of property who engages in the business of furnishing for lease or for rent a *short-term rental unit* and who must be licensed both as a business under Article III of Chapter 4 of the Code and under this Article.

*Responsible agent* is the owner, the owner’s agent, or the owner’s designee who is available to respond to any issues arising from a *short-term rental unit* within sixty (60) minutes and who is authorized to receive written notice on behalf of the owner.

*Short-term rental unit* means an accommodation, as defined in Section 4-6-20 of this Code, rented or leased for less than thirty (30) consecutive days when the property on which the accommodation is located is assessed, for property tax purposes, as residential property.

**Sec. 6-11-30. – License and Tax Payments Required.**

(a) A valid short-term rental license is required for each short-term rental unit. It is unlawful for any owner of a residential unit(s) to engage in the business of renting or leasing a short-term rental unit within the limits of the Town without first obtaining a license under this Article for each unit.

(b) A valid short-term rental license requires the owner to pay or collect and remit all applicable local, state and federal taxes, including business and occupation tax, sales and lodging taxes, property tax, and state and federal income tax.

**Sec. 6-11-40. – Application.**

(a) At least thirty (30) days prior to any advertising a short-term rental, the owner must file a written application for a short-term rental license with the Town Clerk on forms supplied by the Town. The application shall include: property owner information, short-term rental unit address, proof of ownership, designation of a responsible agent, a signed affidavit certifying the habitability of the short-term rental unit and compliance with applicable building and safety codes, a parking plan, a trash and recycling plan, and any other information as may be required by the Town. The application is not complete and will not be considered properly submitted until the owner provides all information required by the Town and pays the short-term rental licensing fee.

(b) The Town may require, as a condition precedent to the issuance of a short-term rental license or license renewal, an inspection of the short-term rental unit by the Town

Clerk or his or her designee for the purpose of determining whether or not any extraordinary fire hazard exists therein, thereon or in connection therewith and whether or not the same are clean and sanitary. If, upon such inspection, it shall be found and determined that such premises are unsanitary or unsafe or if any extraordinary fire hazard shall be found to exist, the Town may require such changes or alterations to be made in, about, upon or in connection with the premises as shall be reasonably necessary to correct the objectionable conditions so found to exist, as a condition precedent to the issuance of the license for which application shall have been made.

(c) Within thirty (30) days of receipt of a complete application for a short-term rental license, if the Town Clerk determines that the license or renewal application complies with the requirements of this Article, the Town Clerk shall issue a short-term rental license.

(d) The short-term rental license is issued in the name of the owner and is not transferable. Each change in ownership of a short-term rental unit requires a new license.

(e) A short-term rental license expires annually on March 31. An application for renewal of a short-term rental license shall be submitted at least thirty (30) days prior to expiration of the existing license.

**Sec. 6-11-50. – Fees.**

(a) The short-term rental licensing fee shall be as set forth in in the Schedule of Fees found in Chapter 19 of this Code. No license or renewal may be issued until the applicable fee has been received by the Town Clerk.

(b) Licensing fees are not refundable. In the event that any license is suspended or revoked, no refund shall be made to the owner. Further, no refund shall be made to any owner who discontinues engaging in the short-term rental business during the licensing year. However, if a licensing or renewal application is denied, the Town shall return the license fee submitted with the application to the owner.

(c) The purpose of the fees collected under this Article is to off-set the administrative and personnel costs associated with short-term rental license administration and enforcement. The rate of the short-term rental license fee shall be set and may from time to time be amended to reflect the cost of regulation, administration, and enforcement of this Article.

**Sec. 6-11-60. – Suspension or Revocation of License.**

(a) A short-term rental license may be suspended or revoked by administrative order of the Town Clerk or his or her designee:

(1) When it appears that the license was obtained by fraud, misrepresentation or false statements within the application.

(2) Upon failure to comply with the terms and conditions of the short-term rental license, including but not limited to:

- (i) failure to designate a responsible agent available to respond to short-term rental unit complaints within one (1) hour;
  - (ii) failure to operate the short-term rental unit business in compliance with health, safety, noise, and nuisance ordinances in this Code;
  - (iii) failure to provide parking and trash and recycling removal in compliance with ordinances in this Code;
  - (iv) failure to list the short-term rental license number in advertisements for the unit; and
  - (v) failure to post the information in the short-term rental unit as required by Section 6-11-70 of this Article.
- (3) When the owner fails to pay or collect and remit taxes, as required by Section 6-11-30(b) of this Article.
- (4) When the owner fails to pay utility fees or charges.
- (5) When any activity conducted by the owner, his or her responsible agent, or short-term rental guests violates any federal, state or local rule, regulation or law.
- (b) In pursuant of enforcement of this Article, the Town Clerk or designee is empowered to cause any short-term rental unit to be inspected and examined.
- (c) In lieu of suspension or revocation, the Town Clerk or his or her designee may request and the owner may agree to pay an administrative fine.
- (d) In lieu of suspension or revocation, or as a condition of restoration of licensure, the Town Clerk or his or her designee may impose new or additional terms, requirements, conditions, or limitations on a short-term rental license.
- (e) The owner may appeal an administrative order suspending or revoking a short-term rental license within ten (10) business days after the date the notice was provided by the Town to the owner or the responsible agent. The appeal shall be made in writing to the Town and shall describe the basis of the appeal. If the owner requests an opportunity to be heard, the Town Manager or his or her designee shall schedule either an in-person or telephonic hearing and provide notice of the hearing to the owner. After considering an appeal, including conducting a requested hearing, the Town Manager or designee will make the final determination within a reasonable time to suspend or revoke a short-term rental license, and such determination shall be considered a final order subject to review under Rule 106(a)(4) of the state rules of civil procedure.

**Sec. 6-11-70. – Posting Requirements.**

The owner must post or cause to be posted the following information in a prominent and visible location in the short-term rental unit:

- (a) The short-term rental license number;
- (b) Contact information for owner and/or responsible agent, including a phone number for 24-hour response to emergencies;
- (c) Description of location of fire extinguishers and emergency egress; and
- (d) General guidelines on Town regulations, as well as any unit specific guidelines, regarding-noise, parking, trash pickup, wildlife guidelines, and fire restrictions; and
- (e) Any other information deemed necessary by the Town Clerk or his or her designee to ensure the public’s health and safety.

**Sec. 6-11-80. – Advertising.**

All advertising for a short-term rental unit in Town shall include the short-term rental license number as, “Dillon License STR- [insert number].”

**Sec. 6-11-90. – Notice to Owner.**

Any notice given by the Town to an owner in pursuit of this Article is deemed sufficient if sent by either:

- (a) first-class mail to the address provided by the owner or the responsible agent designated on the owner’s most recent license or renewal application; or
- (b) electronic mail, if the owner provides an electronic mail address and indicates electronic mail as the preferred method of notification on the owner’s most recent license or renewal application.

Section 2.     Severability. If any provision of this ordinance or portion thereof is held by a court of competent jurisdiction to be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect any other provision which can be given effect without the invalid portion.

Section 3.     Effective Date. This ordinance shall take effect on January 1, 2019.

**INTRODUCED, READ AND ORDERED PUBLISHED BY TITLE ONLY THIS  
\_\_\_\_ DAY OF \_\_\_\_\_, 2018.**

**PASSED, ADOPTED AND APPROVED AND ORDERED PUBLISHED BY TITLE  
ONLY THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2018.**

**TOWN OF DILLON,**  
a Colorado municipal corporation

By: \_\_\_\_\_  
Carolyn Skowrya, Mayor

**ATTEST:**

By: \_\_\_\_\_  
Adrienne Stuckey, Town Clerk