

Short-Term Rentals Land Development Code & Licensing Update (Ordinance 2648 & Ordinance 2653)

City Council

November 25, 2024



Commerce
CITY

Presentation Overview

- Background
- Proposed Regulations
- Questions
- Deliberation & Decision

Background

Background

- Short-term rentals are currently not allowed within the city
- City Council requested STR Regulations
 - March 18, 2024 – Council Discussion
 - August 5, 2024 – Ordinance 2583 creating licensing regulations passed
 - Licensing regulations go into effect on **January 1, 2025**
- Land Development Code (LDC) Changes are necessary to implement short-term rentals fully
 - LDC regulates land use and development within the city
 - Amendments needed to enable this land use and set operational parameters

Licensing Regulation Overview

- Passed on August 5, 2024
 - Effective January 1, 2025
- Valid for one year at the time of issuance.
- Reporting requirements for renewals
- The owner must designate a **responsible agent** who lives within 30-miles of the rental unit and must be available 24/7 to respond to complaints or issues of concern.
- Proof of liability insurance for the short-term rental unit, with a minimum of \$500,000 in coverage.
- Notification of adjacent property owners with contact information
- 500-foot separation requirement
- Not permitted in R-3 Zone District
- Functioning smoke, carbon monoxide detectors, and fire extinguisher.
- Ability to inspect
- Revocation procedures.
- Good Neighbor Guide

Proposed Land Development Code Regulations

(Ordinance 2648)

Land Development Code Amendment Summary

- Provides an updated definition of short-term rentals
- Establishes zone districts in which STRs can operate
- Provides operational standards for the STR use consistent with licensing provisions (with minor changes)

Definition of Short-Term Rental (1)

The existing definition was defined in the Licensing Regulations:

- Unintentionally would have allowed STRs in any type of dwelling unit (including MF)
- Would have permitted STRs on any residential property within any zone district (except the R-3 zone district), including within multi-family residential properties not zoned R-3
- Had provisions excluding it from subsidized housing. This is a topic where the city does not need to regulate, given:
 - These are typically multi-family rental properties, which would not be allowed under the proposal
 - Also requires owner approval

Definition of Short-Term Rental (2)

Proposed **Section 21-11200 - Definitions**

(423) *Short-Term Rental* means the provision of lodging services within a **single-family attached or detached dwelling unit**, for compensation, to a person or persons for periods of less than 30 days, but excludes **Bed and Breakfast Establishments** and other **Lodging Establishment uses**. Short-term rental does not include rental of a dwelling unit for meetings such as luncheons, banquets, parties, weddings, fundraisers, or other similar gatherings for direct or indirect compensation.

The Revised Definition:

- Clarifies that they are only allowed within single-family attached (duplex) or detached dwelling units
- Distinguishes the use from other lodging uses, such as hotels and bed & breakfast establishments, which have their own zoning rules

Supplemental Standards (1)

- Supplemental standards include operational parameters established within the licensing regulations that are more suited for the LDC.
- Standards are being moved from the licensing regulations mostly unchanged with the exception of:
 - Clarification of an accessory use
 - Simplification on the maximum number of guests
 - Prohibition of simultaneous rentals
 - Clarifications on parking requirements
 - Addition of provisions for Accessory Dwelling Units

Supplemental Standards (2)

Proposed modifications from licensing regulations are shown in green.

Section 21-5263

- **Accessory Use Only** to single-family attached (duplex) and detached units
 - Reenforces that the primary use of the property shall be for a long-term residence either by the owner or long-term renter
 - Ensures that fully operating hotels aren't being run out of homes
- **License Required** – cross-referencing licensing regulations
- **Length of Stay** – no more than 30 consecutive days for any guest(s)
- **Density Restriction** – 500-foot separation within any residentially zoned district as measured per Section 21-11145

Supplemental Standards (2)

Section 21-5263

- **Accessory Dwelling Units:**
 - STRs are permitted in an ADU or Primary residence (or both)
 - Exception: Can not reside in the ADU as their primary residence while renting out the primary home as an STR full-time.
 - The bigger home still has to be utilized primarily as a home
- **Simultaneous rentals prohibited.**
- Can not offer catering or food preparation as part of the services.

Supplemental Standards (3)

Section 21-5263

- **Maximum Guests:** No more than two per bedroom plus two
- **Parking:**
 - Parking has to be located on the same lot as the STR
 - No additional parking is required other than what is legally established on the lot
 - If there is no established parking on the lot, then no more than 2 cars can park on the street.

Supplemental Standards (5)

Section 21-5263

- **Exterior Signage** is not permitted
- Does not supersede more strict HOA rules or covenants

Where Permitted

- **Section 21-5400 – Accessory Uses and Accessory Structures**

- Short-Term Rentals as an Accessory use to single-family attached and detached residential dwellings
- R-1, R-2, R-3, and Agriculture zone districts
 - these are zone districts that allow single-family attached and detached dwelling units by right
- Any Planned Unit Development that allows single-family attached or detached units by right.

- **Section 21-5420 – Accessory Uses and Structures – Standards**

- (2) *Commercial Use Restricted.* No accessory structure on a residentially zoned property shall be used for any commercial purpose **other than a Short-Term Rental located in a permitted Accessory Dwelling Unit.**

Proposed Licensing Regulation Changes

(Ordinance 2653)

Licensing Changes

- Changes in the licensing regulations are proposed to align with the proposed LDC amendments.
 - Changing the definition
 - Removing the operational parameters that are covered in the proposed LDC amendment
 - No other changes proposed

Next Steps

- If adopted, will go into effect January 1, 2025 (per the original licensing ordinance)
- Currently working on implementing the licensing and registration process

Questions?