



STAFF REPORT

Community Development

To: Planning Commission
City Council

From: Jeff Brasel, Community Development Director

Subject: Ordinance 2648: Short-Term Rental Land Development Code Amendment

Date: November 6, 2024 – Planning Commission
November 25, 2024 – City Council (1st Reading)

1 Summary

On August 5, 2024, City Council approved Ordinance 2583 pertaining to licensing regulations for short-term rentals (STRs) within the City. To fully allow STRs within the City, a Land Development Code (LDC) update is required.

Ordinance 2648, if approved, would amend the LDC to permit STRs as an accessory use to single-family detached and attached dwelling units and set operational parameters for this accessory use. A draft of Ordinance 2648 is linked as an attachment to the agenda.

Per Section 10.3 of the Commerce City Charter, Planning Commission is charged with reviewing the proposed LDC amendment and making recommendations to City Council on the proposed changes. The proposed amendments do not require a public hearing.

2 Background Information

The LDC does not currently permit STRs. STRs are generally defined as the rental of a single-family attached or detached dwelling unit (or portion thereof) temporarily for guest housing to non-residents for compensation for 30 days or less.

Under the proposed zoning changes, the STR use is similar to a primary commercial “lodging establishment” use because it is intended for short-term guest housing, as opposed to a primary place of residence. However, STRs are distinct from commercial lodging uses in that they are considered an accessory use, which is complimentary but ultimately subordinate to a primary residential use rather than a separate and distinct primary use. The ordinance proposes allowing STRs as accessory uses to single-family attached and detached dwellings to ensure that the residential nature of neighborhoods isn’t usurped by commercial lodging activities.

Because of the accessory nature of the use, a dwelling unit would still have to be utilized and occupied for a long-term residence as the primary use. A dwelling unit that is vacant or otherwise not occupied would not be permitted to be utilized only as an STR.

Summary of Regulations

Exhibit A of Ordinance No. 2648 contains the proposed amendment. Exhibit B shows the amendments in a redline version. The following is a summary of the proposed regulations:

- Short-Term rentals would be defined as, “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.”
- Short-term rentals would be permitted as accessory to household living within a single-family attached (duplex) or detached dwelling unit in the R-1, R-2, R-3, or AG zone districts or any Planned Unit Development where single-family attached and detached units are permitted by right.
- Short-term rentals would be required to obtain a short-term rental licensing issued by the city.
- There is a 500 foot separation requirement between short-term rentals in any residential zone district as measured by [Section 21-11145](#) of the LDC.
- There can no be more than one rental going on at the same time to more than one party under separate contracts.
- Food cannot be prepared or served to guests by the property owner or owner’s agents. This is to prevent hoteling like services from being provided in the STR. Nothing would prohibit a renter from cooking food.
- The maximum number of guests would be limited to two persons per bedroom plus two persons.
- Additional parking is not required above and beyond what legally exists on the property.
- Parking must be located on the same lot as the STR. If no parking is provided on-site, then a maximum of two vehicles can park on-street.
- No exterior signage is permitted.
- In anticipation of the future code changes required for Accessory Dwelling Units, the code is drafted to allow STRs within an accessory dwelling unit as long as the main home is still primarily being utilized for a long-term residence.

Licensing Requirements

While the LDC amendments are primarily geared towards enabling STRs through zoning and setting operational parameters around the use, a license issued by the City would be required to be obtained prior to operating a STR. The licensing process ensures that operators meet the LDC requirements, but also have additional operational and documentation requirements as well. City Council passed [Ordinance 2583](#) on August 5, 2024 setting forth the licensing requirements. This ordinance is effective beginning January 1, 2025. Portions of the licensing requirements are expected to be modified to complement the proposed LDC requirements.

The following is a summary of the licensing requirements:

- Proof of possession of the home the STR is proposed to operate in, or if the applicant is not the owner, proof of permission to operate a STR out of the dwelling unit.
- Proof of liability insurance with a minimum coverage of \$500,000
- A responsible agent (if not the applicant) must be listed who lives within 30 miles of the STR who is available 24 hours a day, 7 days a week to respond to complaints, issues of concern, or reported violations.
- Notification of all owners and residents of properties adjacent to the proposed STR that includes contact information of the property owner and/or responsible agent.
- Proof of habitability of the dwelling including minimum safety requirements (e.g. functioning smoke alarms, carbon monoxide detectors, and fire extinguishers).
- Requirement of a “Good Neighbor Guide” specifying trash and recycling pick-up times, quiet hours, designated parking areas, contact information, rules/regulations of any neighborhood amenities, and other rules that might be imposed by an HOA or community association.

The licensing requirements also set forth parameters for license issuance, revocations, and inspections. There are also annual reporting requirements and requirements for booking services. All licenses are valid for one year.

Proposed changes to the licensing regulations will be pursued to ensure alignment with the proposed LDC amendment. These changes include revising the definition of an STR and removing duplicative provisions within the licensing regulations.

3 Staff Recommendation

City Council expressed a desire to allow short-term rentals within Commerce City. As such, licensing regulations were drafted and subsequently adopted by City Council. At the time, it was not understood that amendment to the LDC would be required in addition to the licensing regulations. Staff has prepared the LDC amendments based upon the adopted licensing framework, with minor revisions to better reflect the accessory nature of this use.

Given City Council direction on the matter, staff recommends approval of Ordinance 2648.

Planning Commission has the authority to recommend approval, recommend approval with suggested revisions (conditions), or recommend denial of the Ordinance.

City Council has final approval authority on the Ordinance.

4 Potential Motions

Motion for Approval:

- a. Planning Commission

- i. I move to recommend to City Council approval of Ordinance 2648, an Ordinance amending Sections 21-5263, 21-5400, 21-5420, and 21-11200 of the Land Development Code pertaining to the regulation of short-term regulations.
- b. City Council
 - i. I move to approve of Ordinance 2648, an Ordinance amending Sections 21-5263, 21-5400, 21-5420, and 21-11200 of the Land Development Code pertaining to the regulation of short-term regulations, on first reading.

Motion for Denial:

- a. Planning Commission
 - i. I move to recommend to City Council denial of Ordinance 2648, an Ordinance amending Sections 21-5263, 21-5400, 21-5420, and 21-11200 of the Land Development Code pertaining to the regulation of short-term regulations.
- b. City Council
 - i. I move to deny Ordinance 2648, an Ordinance amending Sections 21-5263, 21-5400, 21-5420, and 21-11200 of the Land Development Code pertaining to the regulation of short-term regulations, on first reading.

Motion for Continuance

- a. Planning Commission
 - i. I move to continue discussion of Ordinance 2648 to:
 - 1. The next regularly schedule Planning Commission meeting; or
 - 2. A date certain.
- b. City Council
 - ii. I move to continue discussion of Ordinance 2648 to:
 - 3. The next regularly schedule City Council meeting; or
 - 4. A date certain.