



# Commerce City

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## Council Communication

File Number: Ord 2583

**Agenda Date:** 7/15/2024

**Version:** 2

**Status:** Agenda Ready

**In Control:** City Council

**File Type:** Ordinance

AN ORDINANCE AMENDING ARTICLE III OF CHAPTER 9 OF THE COMMERCE CITY MUNICIPAL CODE (CCRMC) BY ADDING A NEW DIVISION 9 ESTABLISHING A SHORT-TERM RENTAL REGISTRATION PROGRAM IN THE CITY OF COMMERCE CITY

### **Summary and Background Information:**

Short-term rentals are residential living spaces available to rent for short amounts of time. Shorter than a traditional lease, these range from 1-30 days. Short-term rentals (STR) are also commonly called vacation rentals. In March of 2022, there were 99 STR properties, units, or rooms operating within Commerce City. By January of 2024, the amount of STRs increased to 250. It is expected that this number will continue to increase. The increasing popularity of short-term rental platforms has necessitated the introduction of regulations to manage these properties effectively. This ordinance aims to ensure that short-term rental units operate within a framework that promotes safety, compliance, and community well-being. Worth noting, HOA rules and covenants can impose additional restrictions on short-term rental operations beyond those listed in the ordinance.

At the March 18, 2024, regular meeting Staff presented draft regulations to Council. Based on direction received from Council, Staff has created an ordinance that would regulate short-term rental units within the City; these regulations are modeled after best practices demonstrated by surrounding municipalities. Current provisions of note in the ordinance include the following requirements:

- Short-term rental licenses are required for all rental properties that are leased for 30 days or less.
- Short-term rental licenses are valid for one year and the license number must be listed in any advertisement of the property.
- Owners must demonstrate that they reside on the property at the time of application.
- Applicants must provide property documentation, liability insurance of at least \$500,000, and a self-inspection checklist stating the property meets minimum habitability standards. If needed, the City Manager can require an inspection from a City Inspector prior to the issuance or renewal of a short-term rental license.

- Short-term rental property owners will be required to notify adjacent neighbors of their intent to utilize their property as a short-term rental.
- All licensed short-term rental properties are required to have a Good Neighbor Guide accessible to guests that lists important details of the neighborhood, including quiet hours, trash day(s)/times, and rules for common public spaces. This guide will be created prior to the ordinance going into effect.
- There may be no more than one short-term rental property within 500-feet of another short-term rental property in a district zoned as residential.
- Short-term rental licenses are not allowed for use in a district zoned as R-3.
- Penalties for failing to comply with these regulations will be based on the City's civil infraction fine schedule and can include revocation of the license for repeated offenses.
- The effective date of this program is January 1, 2025.

Staff estimates the licensing fee for this program will be ~\$150 per rental property. A final fee will be determined when the City enters into a contract with a third-party vendor that will track short-term rental units in the City. The estimated cost of this contract is \$25,000. Once a final fee is determined, Staff will bring a Fee Resolution to Council for approval.

**Staff Responsible (Department Head):** Jim Tolbert; Assistant City Manager

**Staff Member Presenting:** Alex Van Zante; Management Analyst II

**Financial Impact:** Neutral

**Funding Source:** N/A

**Staff Recommendation:** Approve Ordinance 2583 on first reading.

**Suggested Motion:** Motion to introduce and approve Ordinance 2583 as seated by Council on first reading.