

**Staff Report**

City Council Study Session Meeting  
October 17, 2022

**Strategic Priority: Proactive Public Safety**

Enhance public safety to emphasize both prevention and enforcement, engage the community through education and outreach and provide the resources necessary to ensure safety and well-being throughout Westminster.

**Subject:** Presentation of Short-Term Rentals: Update on Outreach, Engagement, and Next Steps

**Prepared By:** Aric Otzelberger, Operations and Community Preservation Manager  
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**Recommended City Council Action:**

Receive a presentation on recent engagement and stakeholder activities related to short-term rentals and provide direction regarding next steps towards developing draft short-term rental regulations for consideration and action by City Council.

**Summary Statement:**

- Short-term rental (STR) generally means the rental of all or a portion of property for less than 30 days. These rentals are generally listed on websites such as Airbnb.com or vrbo.com.
- Westminster Municipal Code (W.M.C.) is silent on STRs.
- Following a Study Session on STRs with City Council on March 7, 2022, Staff received direction and proceeded with conducting community engagement and stakeholder outreach activities to gather input and feedback.
- Pending direction from City Council, the next step in the STR process would be to draft potential regulations for W.M.C. and return to the community and stakeholder focus groups for further input and feedback.
- Staff will ultimately return to City Council for consideration and action to regulate STRs in W.M.C.

**Fiscal Impact:**

\$0 in expenditures.

**Source of Funds:**

Not applicable.

**Policy Issue(s):**

Does City Council wish to receive a presentation on STRs as well as provide feedback to Staff on efforts toward regulation?

**Alternative(s):**

1. City Council could choose not to receive this presentation. This is not recommended due to increasing inquiries from the community regarding the issues to regulate and/or prohibit STRs in the City.
2. The City of Westminster could choose not to pursue efforts to regulate STRs. Zoning is "permissive" in nature, and STRs are technically not allowed in the City of Westminster as they are not referenced in W.M.C. However, this current state presents legal and enforcement challenges. W.M.C. is not clear on policy intent around STRs. Staff does not recommend this alternative.
3. The City of Westminster could explicitly prohibit STRs. City Council would need to seek legal counsel around considerations with this policy approach. This approach would present significant legal and enforcement challenges. No jurisdiction in the region has taken this approach. Staff does not recommend this alternative.

**Background Information:**

The issue of regulating STRs has been of increasing interest to local governments across the country over the past several years. STR generally means the rental of all or a portion of a property for less than 30 days. These rentals are generally listed on websites/platforms such as Airbnb.com or vrbo.com. In the United States, the STR market has seen a ten-fold increase over the last five years. Industry experts estimate four million listings nationwide. Per the most recent City of Westminster data as corroborated through LodgingRevs, there are 216 STR properties located in the City with an average nightly rate of \$193.

City Council held a Study Session on STRs on March 7, 2022. Information was presented from 2018/2019 when Staff conducted initial stakeholder outreach, worked with a subject-matter steering committee, conducted a STR census, examined regulatory and enforcement approaches from other jurisdictions, and assessed concerns from the community. City Council provided Staff with direction to proceed with community engagement and stakeholder outreach activities to gather input and feedback on STRs. City Council also indicated its general policy direction to work towards regulating STRs in the City of Westminster.

### **Engagement and Outreach**

During the week of June 13, 2022, Staff initiated formal STR engagement efforts. These included:

- **Website Landing Page**: Staff built updated the existing page with more resident-friendly language accessible via a link that was emailed out via an existing STR distribution list and The Westy email newsletter - <https://www.cityofwestminster.us/Short-TermRentals>
- **Online Survey**: Staff built out a survey accessible directly via the STR email and from the STR landing page. The 2022 survey included previous questions from the 2019 survey to gather trend data as well as additional demographic and priority rankings questions.
- **Focus Groups**: Staff conducted four different focus group sessions with interested community members and stakeholders to gather input, recommendations, and to discuss potential regulatory approaches to STRs:
  - o Tuesday, July 19 – 5:30-7:30pm (MAC)
  - o Tuesday, July 26 – 11:30am - 1:30pm (City Park Recreation Center)
  - o Wednesday, August 3 – 6-8pm (Westview) \*childcare provided\*
  - o Saturday, August 6 – 11:30am - 1:30pm (City Park Recreation Center)
- **City Council Update**: Staff provided City Council with outreach details in the City Council Update email at the end of the week of June 13, 2022.
- **The Westy**: Staff provided materials needed for promotion in The Westy email newsletter.
- **Social Media**: Staff posted on Facebook, Twitter, and Instagram with an image and link to the STR landing page so residents could learn more and register or complete the survey.
- **STR Stakeholder Email**: Staff sent an email using the EMMA platform to the existing STR listserv of interested parties who have engaged over the past several years (about 320 contacts).

### **Survey Results**

423 individuals responded to the 2022 STR survey. 627 individuals responded to the 2019 STR survey. Attachment 1 provides a summary of the data from the 2022 STR survey. Attachment 2 provides summary data from the 2019 STR survey. A few observations include:

- “Should the City of Westminster regulate short-term rentals?”
  - o 2022: 59 percent responded “strongly agree” or “agree”
  - o 2019: 51 percent responded “strongly agree” or “agree”
- “Which of these priorities are most important to you?” (New question in 2022)
  - o 59 percent responded - “Keeping speculators and investors from buying up homes to turn them into short-term rentals”
  - o 55 percent responded - “Making sure homes do not turn into party houses”
  - o 53 percent responded - “Giving law abiding citizens the option to utilize their homes as short-term rentals”
  - o 48 percent responded - “Making sure short-term rentals do not negatively affect property values”
  - o 48 percent responded - “Maintaining the neighborhood feel of residential areas”

- “The City of Westminster should ensure that homes are only occasionally used as short-term rentals and not continuously rented out to guests on a short-term basis.”
  - o 2022: 44 percent responded “extremely important” or “very important”
  - o 2019: 38 percent responded “extremely important” or “very important”
- “The City of Westminster should offset the costs of enforcement and administration of short-term rentals through appropriate fees, fines, and/or taxes (i.e. accommodations tax).”
  - o 2022: 37 percent responded “not so important” or “not at all important”
  - o 2019: 36 percent responded “not so important” or “not at all important”

There were 340 written comments in the 2022 STR Survey and 441 in the 2019 STR Survey. Comments supporting STRs include themes of private property rights, private sector marketplace controls, economic benefits, homeowner financial support to make mortgage payments, and respecting a regional approach to the issue. Comments with concerns about STRs include themes of worry about parties/events, erosion of single-family neighborhood character, support of owner-occupied policies in order to have an STR, impact issues such as parking and traffic, and a license requirement with a cap on total STRs in the City.

### **Focus Groups**

The objective of the STR focus groups is to obtain qualitative data about the concerns and priorities of Westminster residents and stakeholders as the City develops regulatory policy for STRs. By listening to community voices in an open discussion format, Staff is learning how best to approach regulating STRs in a manner that is fair and balances interests of neighbors, owners, and other stakeholders.

Focus group opportunities were held in three different geographical locations on four different dates, including both daytime and evening hours. Three sessions were held during the week and one session was held on a Saturday. Individual focus group size was limited to no more than 10 participants to ensure productive conversations aimed at equitable participation. Facilitated sessions lasted two hours. Three sessions averaged 15 participants each, and these sessions were split into two focus groups. The last session had 10 participants in one focus group. The following summary represents key themes and input from seven focus groups, totaling approximately 60 participants:

### **Key Items - Importance**

- Protection of neighborhood character
- Primary residence requirement (strong feelings both pro and con)
- Licensing
- Collection of Fees and Taxes (strong feelings both pro and con)
- Occupancy limits
- Respect for property owner rights
- Safe environment (for operators, neighborhood residents, and guests)
- Economic benefit
- Balance competing interests in regulation (do not “over-regulate” but need regulation)
- Clear process for violations and enforceability

### **Neighborhood Character**

- Number of vehicles off-street
- Quotas and caps on percentage/number of STRs in a community
- Limit corporations from owning STRs
- STRs are usually well-maintained – ratings are critical in private sector marketplace
- Target market (who is the target market?)
- Limit large events (weddings, graduations, etc.) and parties

### **Licensing**

- Revenue
- Multi-year license (\$100-200/year recommendation)
- Accommodations tax (strong feelings both pro and con)
- License must outline key rules (similar to Home Occupation License)
- Limit one (1) STR per owner regardless of residency (seems to be potential consensus stance)

### **Safety/Impact Issues**

- Initial inspection of property for licensing
- Enforcement of property standards
- Noise impact to community
- Animal nuisances

### **Comparative Policies and Data – Front Range**

The following table presents 12 comparative Front Range jurisdictions and key attributes to their respective approach to STRs. This table is intended to provide a high-level comparative tool; where data was not available or unclear, "N/A" is listed in that respective field.

Agency Name	Allowed	Principal Res Req	Rentals Per Applicant	License Fee & Revenues	Prohibited Uses	Occupancy	Violations
Arvada	Yes	No	No More Than Three	\$190 Initial \$20 Renewal 2% Lodging Tax Sales Tax	Commercial, Large Social Events, Weddings	Max Allowed by Existing Zoning Code	Yes—Fine Structure
Boulder	Yes	Yes	One	\$190 Initial \$20 Renewal 7.5% Lodging Excise Tax	Defined by Zoning	Max Allowed by Existing Zoning Code	Fines, Civil, Suspension, Revocation
Broomfield	Yes	Yes	One Primary 51% Residency per Year	\$100/5 Years	Not Specified	4 per 2,000 SQ FT Max 8	Penalty Section
Centennial	Yes	Yes	N/A	N/A	2x Max Occupancy, Events	2/Bedroom Max 8	Penalty, Revocation, Suspension
Denver	Yes	Yes	One Primary	N/A	Not Specified	Zoning	Yes
Englewood	Yes	Yes	N/A	2% Lodging Tax Sales Tax	Temporary Events, Home Based Business	2/Bedroom Max 8	N/A
Fort Collins	Yes	Yes	One Primary	3% Lodging Tax (Exclusive of other taxes)	Dictated by Zoning	N/A	Civil, Criminal, Revocation
Golden	Yes	Yes	One	2-year License	Defined by Zoning	Max Allowed by Existing	Yes—Fine Structure

				6% Lodging Tax All Other Imposed Taxes		Zoning Code	
Lakewood	Yes	Yes	One Primary, Single Family	N/A	RV, Boat, Multi-Fam, Mobile Homes	N/A	Civil and/or Criminal
Littleton	Yes	Yes	N/A	N/A	Home Business, Temp Events	Max 8	Civil, Criminal, Revocation
Northglenn	Yes	No	No Limit	\$175 Initial \$150 Renewal	Zoning	1/200 SQ FT Livable Space	Suspension, Revocation
Wheat Ridge	Yes	No	Allows One Non- Primary and One Primary Unit	\$200/Year 10% Lodging Tax in Lieu of Other Taxes	Defined by Zoning	N/A	Suspension, Revocation

**Next Steps**

Pending direction from City Council, the next step in the STR process would be to draft potential regulations for W.M.C. and return to the community and stakeholder focus groups for input and feedback. Following focus group work, Staff would return to City Council in a Study Session during the 1st Quarter 2023 to present draft recommendations and receive City Council direction. Pending City Council direction, Staff would proceed to prepare an STR ordinance for City Council consideration and action in the 2nd Quarter 2023. Staff would then work to operationalize adopted policy for STRs in W.M.C. to create a licensing program within the adopted regulatory framework approved by City Council.

The City's Strategic Plan priority of Proactive Public Safety is met by working towards STR regulations that balance greater neighborhood and community interests with private property rights.

Respectfully submitted,

*Jody Andrews*

Jody L. Andrews  
Interim City Manager

**ATTACHMENTS:**

Description	Upload Date	Type
<a href="#">Presentation of Short-Term Rentals: Update on Outreach, Engagement, and Next Steps</a>	10/12/2022	Attachment
<a href="#">Attachment 1: 2022 Short-Term Rental Survey Results</a>	9/22/2022	Attachment
<a href="#">Attachment 2: 2019 Short-Term Rental Survey Results</a>	9/22/2022	Attachment