



Agenda Memorandum

Agenda Item – {{section.number}}.A.

City Council Meeting
May 8, 2023



Strategic Priority 2: 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. 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: First Reading of Councillor's Bill No. 27 Re: Amending Title 5 of the Westminster Municipal Code, Adding Chapter 24 Concerning Short-Term Rental Licensing and Amending Title 11, Chapter 4 of the Westminster Municipal Code, Adding Section 18 Concerning Short-Term Rentals as a Land Use

Prepared By: Aric Otzelberger, Operations and Community Preservation Manager

Recommended City Council Action:

Pass Councillor's Bill No. 27 on first reading to approve an Ordinance amending Title 5 of the Westminster Municipal Code by the addition of a new Chapter 24 concerning short-term rental licensing, and amending Title 11, Chapter 4, of the Westminster Municipal Code by the addition of a new Section 18 concerning short-term rentals as a land use.

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 Study Sessions on STRs with City Council on March 7, 2022 and October 17, 2022, City Council provided direction to Staff, including direction to continue ongoing community engagement and stakeholder outreach activities to gather input, feedback, and recommendations.

- Following direction from City Council at a third Study Session on March 6, 2023, the proposed Ordinance, which would set the regulatory and licensing framework for STRs, is presented for City Council's consideration.

Fiscal Impact:

\$0 in expenditures.

Source of Funds:

Not applicable.

Policy Issue(s):

Should City Council pass Councillor's Bill No. 27 on first reading to approve an Ordinance amending Title 5 of the W.M.C. by the addition of a new Chapter 24 concerning STR licensing, and amending Title 11, Chapter 4, of the W.M.C. by the addition of a new Section 18 concerning STRs as a land use?

Alternative(s):

1. City Council could choose not to pursue efforts to regulate STRs. Zoning is permissive in nature, and STRs are technically not allowed in the city 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.
2. The City could explicitly prohibit STRs. City Council would need to seek legal counsel around considerations with this policy approach. This approach could present legal and enforcement challenges. No jurisdiction in the region has taken this approach.

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.

Per the most recent City of Westminster data, as corroborated through the City's vendor, GOVOS, Inc. (LodgingRevs), at the end of 2022 there were 210 STR properties within the city with nights booked during the last year. Currently, there are 53,892 residential units in the city. This includes all residential types including single-family, duplex, and apartments. The number of "active" STR properties in the city represents just 0.4 percent of the city's residential housing stock.

City of Westminster STR data for 2022, per the City's vendor, shows:

- Average Nightly Rate = \$185.55
- Gross Estimated Annual Rental Revenue = \$4,163,943
- Potential Annual Accommodations Tax Revenue (7%) = \$291,476

City Council held a Study Session on STRs on March 7, 2022. Information was presented from 2018 and 2019 when the City 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 direction to proceed with community engagement and stakeholder outreach activities to gather input and feedback on STRs. City Council also indicated a general policy direction to work towards regulating STRs.

City Council held a second Study Session on October 17, 2022. Information was presented on the continued engagement and outreach efforts. STR survey results were reported. Key recommendations were presented from focus groups. Policies and regulations were presented from 12 comparative Front Range municipalities. City Council provided direction to continue with community engagement and stakeholder outreach activities to gather more input and feedback on STRs. City Council confirmed its general policy direction to work towards regulating STRs.

City Council held a third Study Session on Monday, March 6, 2023. Draft STR language for W.M.C. and key policy considerations were discussed. City Council asked questions and provided direction regarding the draft language and key policy considerations. Direction was provided to bring an STR Ordinance forward in a regular City Council meeting for consideration and formal action.

Engagement and Outreach Summary

Engagement and outreach efforts on STRs commenced formally in early 2019. Following open invitations through a variety of communication channels, the City created and has maintained a list of interested community members and stakeholders. This distribution list is close to 350 individuals. The City has had hundreds of interactions with interested parties on STRs over the past several years.

In early 2019, the City initiated direct communication with a variety of known stakeholders including homeowner's associations, neighborhood associations, owners of STRs, and more to gather input. Input was also solicited at this time through The Weekly, the City Website, and Economic Development communications outlets. The City conducted a brief, non-scientific survey through the City's regular communication channels to seek high-level impressions on STRs. The City received 629 responses. Due to other priorities and the COVID-19 pandemic, no further work on STRs was done until the March 7, 2022, Study Session.

Following City Council's direction on March 7, 2022, a new STR engagement effort was launched. During the week of June 13, 2022, the City re-initiated formal STR engagement efforts. These efforts included:

- Website Landing Page: The City built out and updated the existing page with more resident-friendly language accessible via a link that was emailed out to an existing STR distribution list

and The Westy email newsletter - <https://www.cityofwestminster.us/Short-TermRentals>

- Online Survey: The City built out a survey accessible directly via 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. 423 individuals responded to the STR survey.
- Focus Groups: The City conducted four different focus group sessions with interested community members and stakeholders to gather input, recommendations, and to discuss potential regulatory approaches to STRs. These focus groups met on the following dates:
 - Tuesday, July 19 – 5:30pm to 7:30pm (MAC)
 - Tuesday, July 26 – 11:30am to 1:30pm (City Park Recreation Center)
 - Wednesday, August 3 – 6:00pm to 8:00pm (Westview)
 - Saturday, August 6 – 11:30am to 1:30pm (City Park Recreation Center)
- City Council Update: City Council was provided with a list of outreach details for the City Council Update email that was distributed at the end of the week of June 13, 2022.
- The Westy: Materials needed for promotion were provided in The Westy email newsletter.
- Social Media: The City 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: The City sent an email using the EMMA platform to the existing STR database of interested parties who had engaged over the past several years.

Following City Council's direction at the October 17, 2022, Study Session, the City drafted potential regulations for W.M.C. and returned to the community and stakeholder focus groups for input and feedback. Four sessions were held where invaluable insights, feedback, and recommendations were provided:

- Saturday, January 7 – 11:00am to 1:00pm (Westview)
- Monday, January 9 – 6:30pm to 8:30pm (The MAC)
- Wednesday, January 11 – 11:00am to 1:00pm (City Park Recreation Center)
- Thursday, January 19 – 6:00pm to 8:30pm (City Park Recreation Center)

Email and phone input was received and documented from 27 different individuals.

Next Steps

Pending City Council action, the next step would be for the City to operationalize the Ordinance for STRs to create a licensing program within the regulatory framework.

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,

Mark A Freitag

Mark A. Freitag
City Manager

Attachments:

Councillor's Bill No. 27 Re: Amending Title 5 of the Westminster Municipal Code, Adding Chapter 24 Concerning Short-Term Rental Licensing and Amending Title 11, Chapter 4 of the Westminster Municipal Code, Adding Section 18 Concerning Short-Term Rentals as a Land Use