



PLANNING DEPARTMENT

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To: Board of County Commissioners

From: Jessica Potter, Senior Planner

Date: September 14, 2021; Public Hearing

Subject: Consideration of a targeted and temporary moratorium on the issuance of short-term vacation rental (STR) licenses and discussion of amendments to Summit County's STR Regulations

Purpose:

Following work session discussion on September 7, 2021, the BOCC directed staff to prepare materials for discussion of a targeted and temporary moratorium on the issuance of new STR licenses. The purpose of the moratorium is to address the local workforce housing crisis and will specifically exempt identified resort zones around Copper, Keystone, and Peak 8. This moratorium will not impact STR operators converting an active permit to a license. The moratorium is proposed for 90 days to allow staff time to develop and propose amended STR regulations, and, if the BOCC so directs, take the proposed amended STR regulations through the code amendment process.

Background:

On June 22, 2021 the BOCC adopted a resolution proclaiming a workforce housing crisis in Summit County. This resolution declared that the housing crisis warrants immediate action, and inaction will result in irreversible changes to the fabric of the community and limit the ability of the community to serve visitors and residents alike. Specifically, the availability of reasonably priced long-term rental housing has dwindled to record lows and the price of market-rate housing is at record highs. Analysis conducted by Planning Staff shows that 81% of all market rate housing sold in unincorporated Summit County in 2020 was purchased by non-locals. Additional analysis shows that concentrations of STRs are expanding outside of the resort areas at an increasing rate. In 2020, approximately 65% of STR approvals were in the Keystone and Copper areas, while 35% of units approved for STR were outside of those resort areas. Thus far in 2021, non-resort area neighborhoods accounted for 45% of all STR approvals in unincorporated Summit County, a 10% increase over last year. Additionally, the number of STRs are growing faster than the percentage of housing units in unincorporated Summit County; housing units are added at an average rate of approximately 1% per year, and the increase in STR approvals has grown approximately 19% from 2020 to September 2021. At the time of the preparation of this report, there were approximately 4,300 approved STRs in unincorporated Summit County, adding over 1,000 new permitted STR units approved since the end of December 2020.

The neighborhoods in Summit County are diverse. Areas around the base of Keystone and Copper have long been developed and utilized for short-term, resort based occupancy and have continued to serve that function, while the neighborhoods that have traditionally housed local

employees are seeing housing stock lost to non-local buyers and short-term rental operators. When Summit County adopted STR regulations in 2018, no distinction was made between neighborhood types, primarily because at the time, the regulations were intended to address and mitigate the anticipated impacts of STRs on all neighborhoods, including the resort areas which were the primary location of the majority of STRs. What was not anticipated in 2018 was the rapid growth of STRs in traditionally local neighborhoods, and the increasingly negative impact that growth would have on both the amount of housing stock available for locals in the county overall as well as the quality of life of individuals residing in close proximity to STRs. What staff has discovered is that these traditionally local neighborhoods are ill-suited to heavy STR use, as vacationers and local workers share different priorities and values and the impact of STRs on the surrounding residents is greater due to increased traffic, parking problems, and noise. In comparison, the resort areas are designed to provide a vacation experience and tend not to have the same types or frequency of conflicts between visitors and residents that staff has observed happening in more traditionally developed neighborhoods. As an example of some of the compatibility concerns, 86% of complaints come from neighborhoods outside of the resort areas while these homes make up approximately 38% of total STRs.

While there are numerous factors affecting the cost and availability of housing in Summit County, the proliferation of STRs is significant. This housing crisis is affecting the ability of Summit County's businesses to function, and with the busier and more demanding ski season approaching, the housing crisis for the local workforce will only be exacerbated. In consideration of this climate, staff recommends a moratorium on the issuance of new STR licenses in order to provide staff time to develop amendments to the Summit County Land Use and Development Code and Summit County Ordinance 20 to address the impacts that STRs are having on our local community.

Proposal:

Staff recommends a temporary and targeted moratorium on the issuance of short-term vacation rental licenses, specifically to address the workforce housing crisis to allow staff time to propose amendments to the Summit County Land Use and Development Code and Summit County Ordinance 20. Key aspects of this proposal will include:

- Specific exemption of resort zones from this moratorium due to the differences in impact between these resort areas and the local neighborhoods;
- In concert with this recommendation, Housing Staff is presenting a simplified "emergency" incentive program to encourage conversion of STRs to long term rentals in anticipation of the upcoming ski season. Of note, property owners who take part in this program and keep their STR License active will not be impacted by the moratorium. This includes property owners currently going through the conversion from permit to license.
- Planning Staff has developed a preliminary proposal regarding changes to the STR Ordinance and the Land Use Code, see Attachment B for more detail, topics include:
 1. Develop overlay districts representative of neighborhood character, such as "Resort Area" or "Neighborhood Area," and create regulations appropriate to each overlay.
 2. Categorize the different types of STRs in Summit County according to impacts, for instance a primary-residence STR has a different impact than an investment-property STR.
 3. Create distinct license types, for example a "Resort License" could have no cap on the number of days rented, minimal occupancy limitations; whereas a

“Neighborhood License” could have greater restrictions tailored to the character of the neighborhood.

4. Consider capacity limitations on non-owner occupied STRs to preserve the housing stock for locals in specific neighborhoods and reduce impacts to residents.
5. Continue coordination of non-regulatory programs such as the STR-to-LTR incentive program and the creation of HOA best practices to mitigate undesired effects of STRs.