

Attachment B

Amendments to Summit County Ordinance 20 and Section 3821 of the Summit County Land Use and Development Code – Topics for Consideration:

1. Creation of Overlay Districts

Overlay zone districts allow Summit County the ability to adopt regulations that take into account the diverse neighborhoods that comprise the unincorporated County.

Current Situation: There is a “one-size-fits-all” approach to the regulation of STRs in Summit County, no distinction is made between resort areas and traditional neighborhoods.

Issues: The County is made up of a diverse set of neighborhoods. Some of these neighborhoods were developed to compliment the ski areas and intended as resort-area STR communities; however, other neighborhoods were developed as local resident neighborhoods, and still others lie somewhere in between these examples. Having STR regulations that acknowledge the distinction between neighborhood types could provide the benefits of preserving neighborhood character while lessening the conflicts between STRs and locals.

Proposal: Create specific overlay zones so that the neighborhoods at the base Copper and Keystone have a different set of regulations from traditionally local-resident neighborhoods such as Dillon Valley or Summit Cove.

As an illustration of how this overlay concept could function, staff would identify neighborhoods to comprise overlay zones such as “Resort Zone”, “Local Neighborhood Zone”, or “Mixed Zone” and apply targeted STR standards to each. Such standards could include different occupancy limitations, caps on the number of continuously rented STRs in a Local Neighborhood Zone, and other standards discussed in more detail below. Another alternative would be to let the current standards apply throughout most of the County, but create one overlay zone such as “Local Neighborhood” and adopt targeted standards to that overlay zone.

2. Categorization of STR Type

Current Situation: There are no categorizations to the different types of STRs in Summit County and their associated impacts.

Issues: Just as Summit County’s neighborhoods are varied, so are STRs and their associated impacts. The impacts to a neighborhood of an STR where the owner lives on-site and rents the home a few weeks a year, or a bedroom within their home, are vastly different than a home purchased as an investment property and then rented to large groups available every night of the year. In addition, the priorities of the owners of each of these STRs are different, for the owner whose STR is their primary residence, they are helping to pay the mortgage, are members of the community, and prioritize mitigating the impacts on the neighborhood. The owner who purchased an investment property is primarily interested with the monetary return on their investment, i.e. maximizing occupancy and renting for as many days out of the year as possible. In addition, owners who purchased with intent to utilize the property as a vacation

home for their own family and short or long-term rent for portions of the year to offset the cost have different considerations and interests than both previous categories.

Proposal: Staff recommends categorization of STRs into different types based on impacts. As an example, Boulder County has adopted STR regulations that categorize STRs into three groups. Type 1 is a primary-residence STR rented for less than 30 days a year; Type 2 is a seasonal vacation STR rented for no more than 60 days per year; Type 3 is an investment property STR. Each of these STRs are analyzed through a different review process, Type 1 is a simple license permitted anywhere in the County; however Type 3 is reviewed by both the Planning Commission and BOCC and this type is not permitted in platted subdivisions. While there are significant differences between Boulder and Summit Counties, these concepts could be modified to be applicable to Summit County. For instance, the County could consider very minimal limitations on Type 1 STRs, and very minimal limitations on Type 3 STRs within Resort Areas, but could adopt standards that would limit Type 3 STRs in designated Locals Neighborhoods. This approach would provide a more nuanced regulatory structure that recognizes of the needs of the variety of property owners and residents in our neighborhoods.

3. Creation of License Types with Distinct Standards

The creation of distinct license types is another suggested strategy similar to the above section which acknowledges the benefits for a property owner to short-term rent, but takes into account neighborhood character and associated impacts from STRs.

Current Situation: When the County first adopted STR regulations, those regulations gave deference to resort areas that developed to provide short-term rentals to the general public.

Issues: Without a distinction made between resort areas and traditional neighborhoods in Summit County during the adoption of the initial STR regulations, the current regulations are most appropriate to resort areas and less compatible with traditional neighborhoods, for all of the reasons discussed.

Proposal: The County could introduce standards for “Resort Licenses” or “Neighborhood Licenses.” The standards discussed below could also be applicable to an overlay zone or other standards suggested by staff, they are included in this section about license type, but could be tailored to any approach.

- **Occupancy:** As an example, occupancy limitations for a Resort License could be the current standard of the *greater* of 1 person per 200 sq. ft. or 2 people per bedroom plus 4, and the requirement for a CUP for occupancy over 19 could be eliminated. However, a Neighborhood License could carry more appropriate standards, for example a total maximum of 8 or 10 guests and/or stricter limitations based on unit size / bedroom count.
- **Number of Nights Available:** Other distinctions between the two license types could include number of nights rented per year, allowing “Resort Licenses” to rent with no restrictions, but creating a restriction on Neighborhood Licenses. Limiting Neighborhood Licenses to a certain number of days per year, such as 30, would create an incentive for owners to long-term rent these units for a different portion of the year, while still allowing them to reserve them for their own use another portion of the year. This flexibility for

STR operators to use their units is a common theme staff has heard from property owners, and a regulation that restricts number of nights rented could have the benefit of balancing the demand for long-term rental housing with the desire of second-home owners to use the property for their own enjoyment while still allowing the property to be used as an STR.

- Limitations on STR Licenses by one Entity: Another strategy could be to limit the particular kind of license that one person or entity can acquire. For instance if one entity can hold a maximum of one Neighborhood License, this would limit investors from buying properties in traditional neighborhoods with the sole desire to operate an STR.
- Requirement of Primary-Residency / Cap on Non-primary Resident STRs: Planning “best practices” for the preservation of neighborhoods, include the requirement that an STR be a person’s primary residence. While this is not an appropriate standard throughout Summit County, it could be an appropriate requirement with a targeted approach.

4. Limiting Number / Type of STRs within targeted Neighborhood Overlay Districts

Current Situation: An unlimited number of STRs are allowed in Summit County, the only exception are properties that are deed-restricted for the local workforce do not allow STR.

Issues: The character of traditionally local neighborhoods is changing due to STRs, as a result of both loss of housing to STRs and impacts on remaining local residents from STRs in their neighborhood. While staff does not recommend limiting the number of STRs in resort areas, limits should be explored in targeted neighborhoods. These limits will help ensure that locals can still rent and own in these neighborhoods, and preserve the character of Summit County over time.

Proposal: The creation of capacity limitations on certain uses is a tool available for land use regulation to preserve community character. The County at one point had spatial limitations on the amount of Accessory Apartments allowed in an area, 1 per 300 foot radius, and the City of Durango became one of the first municipalities to limit STRs in neighborhoods, 1 per block face. Another method to ensure a neighborhood is able to maintain a healthy balance of STRs is a percentage limitation on STRs in a neighborhood.

5. Continued Coordination with the Housing Department / Non-Regulatory Approaches

While outside of the direct scope of Ordinance / Code amendments, staff would like to highlight other policies in various stages of development, that are intended to work complimentary to a targeted regulatory approach.

1. Incentive program for STR to LTR
2. Development of HOA best practices to mitigate the undesirable effects of STRs
 - a. Minimum night stay
 - b. Limitations on occupancy
 - c. Limitations on number of nights rented per year
3. Housing Code Amendments to encourage the construction of local workforce housing