



City of Ketchum

CITY COUNCIL MEETING AGENDA MEMO

Meeting Date: Staff Member/Dept:

Agenda Item:

Recommended Motion:

There is no recommended motion. Staff will provide a briefing regarding the first year's performance on the Short-term Rental Registration Program.

Reasons for Recommendation:

- Staff will review the attached presentation
- Overall, the program exceeded the first-year target of 65% compliance with approx. 72%
- Staff is only recommending one change for the second year of the program regarding fee methodology (flat versus per bedroom or sq footage)

Policy Analysis and Background (non-consent items only):

On June 1, 2022 all short-term rental units were required to register with the City and comply with health and safety regulations. Idaho state law specifically empowers cities to regulate:

- *"63-1802. LEGISLATIVE INTENT. This act is designed to promote access to short-term rentals and vacation rentals by limiting local governmental authority to prohibit these beneficial property uses, or to specifically target them for regulation, **except in circumstances necessary to safeguard public health and welfare.**"*

The following elements contained in the ordinance:

- All STRs required to register with City
- Permit requirements focus on life safety, including:
 - Operable bedroom windows
 - Monitored smoke alarms and carbon monoxide detectors, fire extinguishers, and fire/life safety plan
 - Adequate parking and safe site access
 - Quiet hours
 - Local representative listed
 - 20+ occupants = CUP
 - Not allowed in Light Industrial; not allowed in avalanche zones during winter months (Nov 15 – April 15)

Staff did initially offer the concept of regulating short-term units similar to hotels/motels under the fire code. That was not included in the approved ordinance.

Sustainability Impact:

No direct impact.

Financial Impact:

None OR Adequate funds exist in account:

A registration fee was developed in order to recover direct expenses related to the administering the program. Staff has developed an alternate methodology (bedroom vs. flat fee) for Council consideration.

Attachments:

1. Staff presentation



Short-Term Rentals
Annual Update
April 17, 2023



Short-Term Rentals

Agenda

- Recap of regulations
- Recap of comp set
- Lessons learned to date
- Program by the numbers
- Potential adjustments to the program
 - Fee renewal methodology options
- Feedback
- Tonight's requested action



Short-Term Rentals

Recap of regulations

63-1802. LEGISLATIVE INTENT. This act is designed to promote access to short-term rentals and vacation rentals by limiting local governmental authority to prohibit these beneficial property uses, or to specifically target them for regulation, **except in circumstances necessary to safeguard public health and welfare.** This act is also designed to preserve personal property rights and promote property owner access to platforms for offering their properties as short-term rentals and vacation rentals, and enhancing local tax revenue by permitting platforms to assume tax collection and remittance responsibilities.



Short-Term Rentals

Recap of regulations

- All STRs required to register with City
- Opted to not hold them to the same fire standards as hotels
- Permit requirements focused on life safety, including:
 - Operable bedroom windows
 - Monitored smoke alarms and carbon monoxide detectors, fire extinguishers, and fire/life safety plan
 - Adequate parking and safe site access
 - Quiet hours
 - Local representative listed
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	Ketchum	Breck	Crested Butte	McCall	Telluride	Park City	Vail
Allowed in Primary Residence?	Y	Y	Y	Y	Y	Y	Y
Allowed in Non-Primary Residence?	Y	Y	Y	Y	Y	Y	Y
License Required?	Y	Y	Y	Y	Y	Y	Y
Limit # licenses issued?	N	N	Y/N	N	Y	N	N
Concentration Limit? (# allowed/block)	N	N	Y	N	N	N	N
Zoning Limitations? (ie, STRS only allowed in certain zones.)	N	Maybe updated in 2022	30% of non-deed restricted units in certain residential zone districts	N	Residential Zone district limits on # of rentals per year	Prohibited in most Single-Family Zoned areas; some Resort Zoned subdivisions	N
Occupancy Limits?	2/bedroom	2/bedroom + 4/property	Y	2/bedroom + 2/property	N	N	2/bedroom + 2/property
Require a "local responsible party" to take complaints?	Y	Doesn't have to be near property	Y	Y	Y	Y	Y
Utilize a 24-hour call center for complaints?	N	Y	Y	N	N	Y	Y
Total # of housing units	3,799	7,713	1,254	3,725	(not coming/provided)	8000 res units; Approx. 5100 NR units	7,359
Number of licenses issued	276	4,319	205 (190 unlimited, 15 'primary occupant vacation rental')	403	775 (includes hotels)	2,400	2,454
% of residential units with STR licenses	7%	56%	16%	11%	(not coming/provided)	63%	31%
- 2023 data -						- 2022 data -	



Short-Term Rentals

By-the-Numbers



Short-Term Rentals

Program by-the-numbers

Registered & Approved	Registered & Pending	Registered & Denied	Non-Compliant	Unidentified
276	127	3	19	128
= 406 applications received			= 147 outstanding (fluctuates)	

- Registered & Approved
- Registered & Pending
 - Awaiting Life Safety Plan documentation, have not been inspected
 - Notification letter of 30-day warning to go out (comply or be denied)
- Registered & Denied
 - Didn't meet life safety requirements
 - 2 of the original 5 denied have since installed windows (thus now compliant)



Short-Term Rentals

Program by-the-numbers

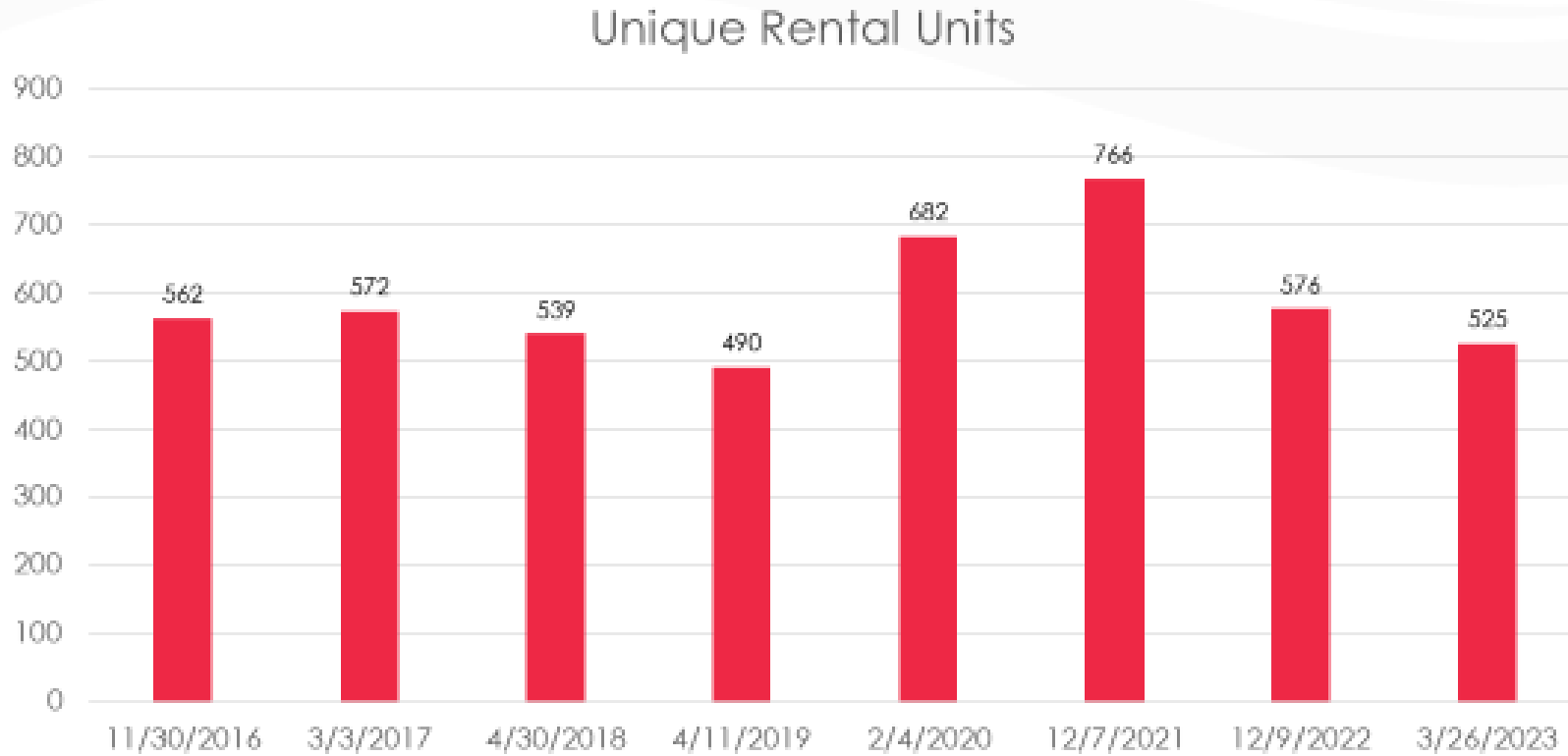
Registered & Approved	Registered & Pending	Registered & Denied	Non-Compliant	Unidentified
276	127	3	19	128
= 406 applications received			= 147 outstanding (fluctuates)	

- Non-Compliant (confirmed/identified as operating as an STR). Enforcement timeline:
 - Registration opens – June 2022
 - Postcards mailed – June 2022
 - ‘Reminder’ postcards mailed – September 2022
 - City-issued warning letters mailed – November 2022
 - Final Legal-issued warning letters (46) mailed – January 2023
- Unidentified
 - Confirmed a parcel (property) is an STR but have not confirmed the physical address
 - Confirmed the owner and address information, but have not identified if the property is an STR



Short-Term Rentals Program by-the-numbers

Ketchum's Historic Counts

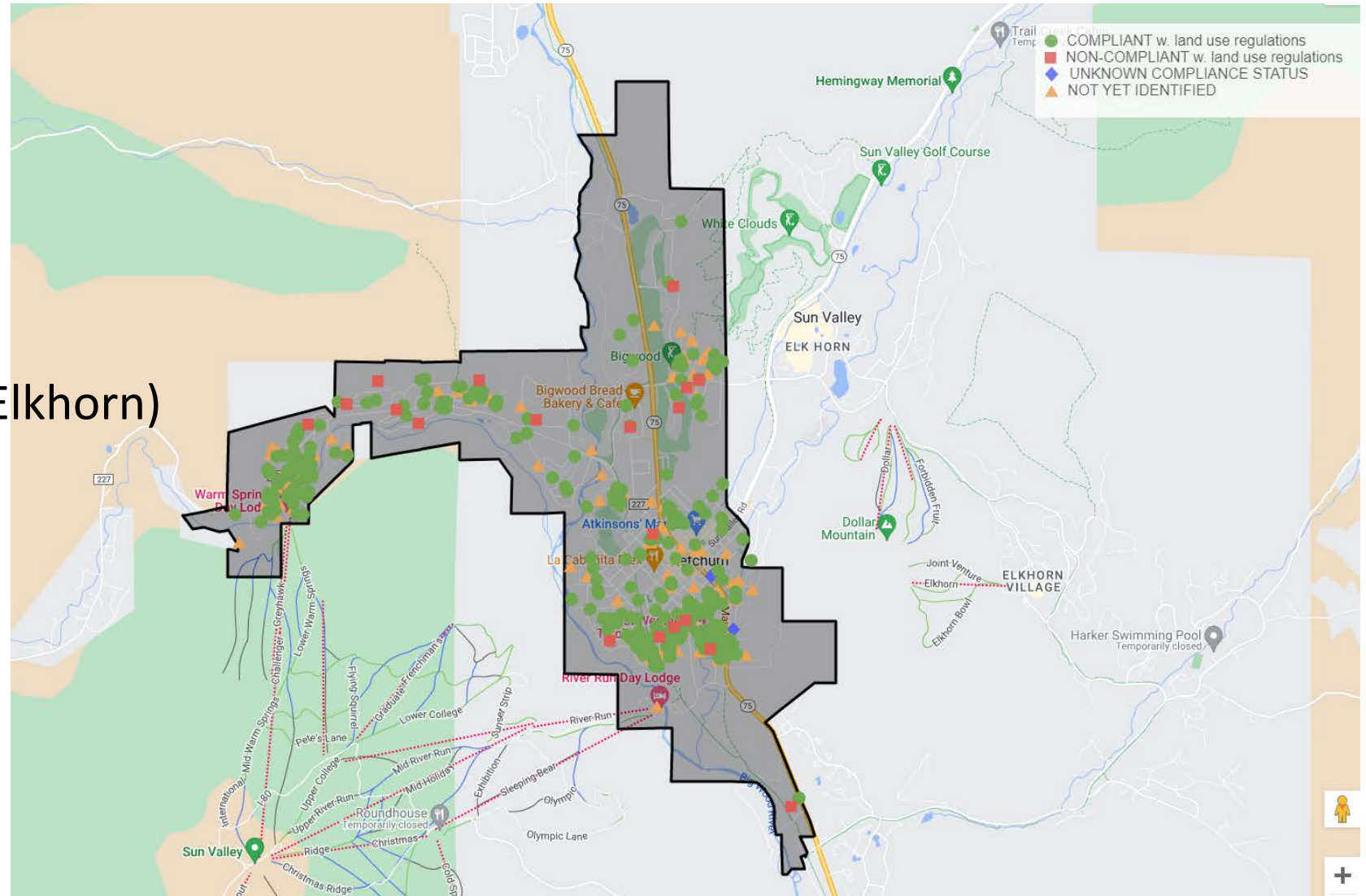




Short-Term Rentals Program by-the-numbers

Density:

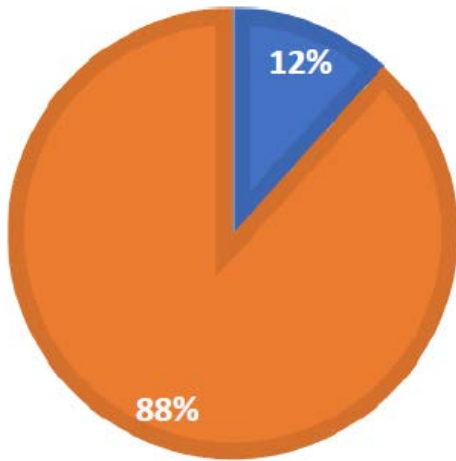
- ~90 – Warm Springs
- ~294 – Downtown (10th to Elkhorn)
- ~12 – North Ketchum



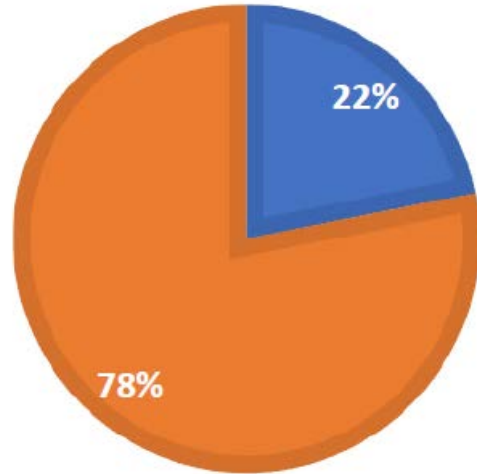


Short-Term Rentals
Program by-the-numbers

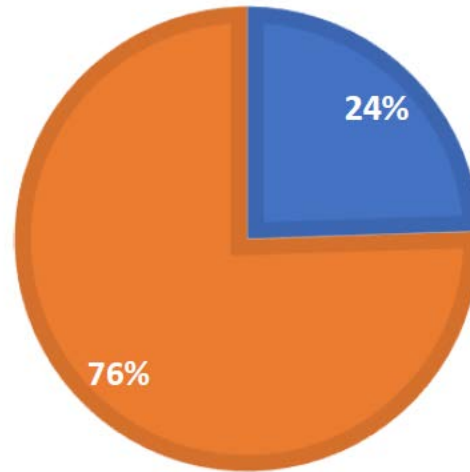
Condo complex examples:



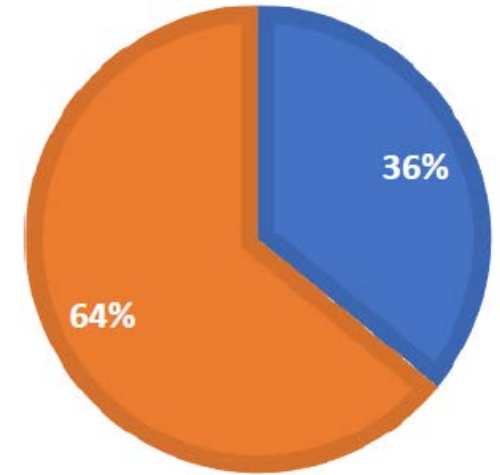
Warm Springs
5 of 16



West Ketchum
7 of 32



River Run
12 of 49



West Ketchum
23 of 64

■ STR ■ Non-STR*

(could be non-compliant, unidentified, or long-term)



Short-Term Rentals

Lessons Learned



Short-Term Rentals

Lessons learned

- **Program Administration**
 - Year 1 primary issue: Applicants submitting paperwork outside of the portal
- **Fire Inspection**
 - Year 1 primary issue(s):
 - incomplete documentation, whether that's the DOC or the Fire/Life Safety Plan
 - supply chain issues on window and monitoring equipment



Short-Term Rentals

Lessons learned

- **Year 2 recommendations:**
 - No change to regulations.
 - Improvements to the website and online portal
 - Online complaint form for neighbors
 - Map of registered units
 - Increase transparency / FAQ sheet explaining:
 - WHY requirements don't apply to all households
 - WHAT a completed plan looks like
 - WHAT will happen if a permit is denied and the unit is still operating as an STR
- *Grace period has ended.* Permits will not be issued or renewed until all pieces submitted.



Short-Term Rentals

Success Story



Short-Term Rentals

Fee Methodology



Short-Term Rentals

Fee Methodology

Fee methodology – options:

- Per unit
- Per bedroom (studio/lofts = 1 bedroom)
- Base rate + bedrooms
- Square footage

- Tiered rate for new applicants vs. renewals



Short-Term Rentals

Fee Methodology

	Year 1	Year 2
Program Costs	\$273,815	\$204,691
Registered Units	402	406
Actual Registration Fee	\$527	
Proposed Registration Fee		\$504
Net Cost of Program	\$61,961	
Cost Recovery Rate	77.4%	100%
Break-Even Fee Amount	\$681/unit	\$504/unit
Break-Even Fee Amount		\$202/room*

*based on 1,105 bedrooms



Short-Term Rentals
Discussion

Questions?



Short-Term Rentals

Next Steps

I move to approve Contract #23083, authorizing the City Treasurer to sign the agreement.