



CITY COUNCIL WORK SESSION MEMO

MEETING DATE: October 18th, 2021

AGENDA ITEM: Short-term rental (STR) Policy Amendments Discussion

FROM: Bill Almquist, Community Development Director;
Nina Williams, City Attorney

On October 5th, 2021, City Council adopted Ordinance 2021-15 regarding new short term rental (STR) policies related to (among other things) Chaffee County residency requirements, area-specific caps on licenses, and limits to the number of licenses permitted on any one lot. Council also directed staff to develop additional options to consider for the residency requirements, including allowing for the “prioritization” of residency, as well as other considerations regarding the number of licenses permitted on any one lot.

As of today, there are 210 total STR licenses across the city, including 75 spread around the residentially-zoned areas (which are capped at 3.5% of total units in those zones) and 130 in the uncapped commercial and industrial zone districts. (There are also currently 5 STRs in areas that were eligible to receive licenses via previous negotiated agreements). Of these 210 licenses, 64 are held by Chaffee County residents and 146 are held by out-of-county residents.

RESIDENCY REQUIREMENT OPTIONS

Staff has looked at a variety of methods that could be used to give priority to Chaffee County residents for STR licenses, while still allowing for some licenses for out-of-county residents. The existing policy plus two prioritization options are provided below:

Option #1: Restrict all new STR licenses exclusively to City of Salida residents (as the language currently reads and with the exceptions already provided). Area-specific caps on the total number of licenses would still apply.

Option #2: Separate all new licenses into two “baskets” where up to 75% of all new licenses would be available to Chaffee County residents and up to 25% of all new licenses would be available to out-of-county residents (this proportion would apply to all new licenses across the city: both residential and non-residential). Area-specific caps on the total number of licenses would still apply.*

*Staff would also recommend capping the number of STR licenses available in the residential area at the current number of 75, to maintain consistency of calculations for issuing licenses

Option #3: Create a Chaffee County resident-prioritization model where Chaffee County

residents would be “elevated” to the top of the list for licenses. Out-of-county residents would only be eligible to apply for a license in a particular STR area if there were no county residents on the list. Area-specific caps on the total number of licenses would still apply.

“50% RULE” OPTIONS

In regards to the policy language that would limit the number of STR licenses allowed on any one lot within new development—the “50% rule,” staff recognizes the several new development projects that were in the works when the moratorium went into effect and the impact that such a rule would have on those projects. Staff also recognizes the added administrative burden that such a rule would create for tracking and tabulation, on top of other restrictions (e.g. area-specific caps, residency requirements/preferences, etc.). Ultimately, those restrictions will already limit the amount of large new STR projects that can be constructed, and thereby meeting the same goal that the policy was intended to accomplish. Therefore, staff recommends that the “50% rule” be deleted from the policy language.

Council’s input and direction on these matters is requested and much appreciated.