



**AGENDA**  
**CITY OF SALIDA PLANNING COMMISSION**  
**WORK SESSION**

**MEETING DATE:** Tuesday, January 10, 2017  
**MEETING TIME:** 6:00 p.m.  
**MEETING LOCATION:** City Council Chambers, 448 E. 1<sup>st</sup> Street, Salida, CO

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- I. Short-term vacation rental discussion
- II. Adjourn



## MEMORANDUM

**MEETING DATE:** January 10, 2017 Work Session  
**TO:** City of Salida Planning Commission  
**FROM:** Beverly J. Kaiser, Community Development Department  
**SUBJECT:** Summary of Comments during Nov. 16, 2016  
Public Workshop on Short Term Rentals

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Attached is a list of the comments compiled from the November 16, 2016 public workshop on short-term rentals. Also attached are copies of emails and letters received to date on the subject.

The Planning Commission needs to review the citizen comments and formulate a recommendation to the City Council regarding whether additional regulation of short-term rentals (in addition to the licensing presently required) is needed and if so, what kind. Following the summary below, staff has included specific recommendations and questions concerning next steps.

### **Summary of Citizen Comments**

Although the comments at the public workshop ranged considerably in content, the following list represents the consensus of opinions that appeared to come out of a combination of the workshop and the emails.

1. Short-term rentals (STRs), i.e. vacation house rentals (VHRs), negatively affect the “neighborhood feel” or sense of community in a residential neighborhood. This is primarily caused by the number and frequency of changing renters, noise, and parking conflicts. Because of this, the total number of STRs (VHRs) in residential zones should be capped. The perception is that the present number is “enough.” There should be a limit of the number of STRs on a residential block.
2. No cap of STRs in a commercial zone is needed. Vacation house rentals are a “commercial” land use and are appropriate in a commercial zone.
3. STRs (VHRs) do bring in management/maintenance jobs and revenue for the community. Occupied vacation rentals are better for the economy than empty second homes. Therefore, STRs should not be prohibited entirely in residential zones.
4. STRs (VHRs) adversely impact the availability and price of long term rentals. Some kind of incentives or rental program should be created to encourage owners of second or investment homes to rent the property on a long-term basis. There were many comments about the

importance of creating a housing authority to help address the affordable housing issue. The fees for STRs should be increased, with a portion of the funds to be used for affordable housing.

5. Existing licensed vacation rentals should be “grandfathered” in.
6. The data base for registered short term rentals should be provided on the City’s website with City contact information so that neighbors can report unregistered STRs or report noise, parking, trash, or other code violations and problems. The general perception at the public workshop was that the actual total number of properties used as VHRs is probably larger than the 103 total registered to date.
7. Real estate agents should inform potential buyers of second homes about the City’s regulations on short-term rentals, especially if a cap is established in residential zones, to prevent false expectations of the property usage.
8. Once regulations are established for the operation of STRs (i.e. pertaining to noise, # of renters, parking, trash, etc.), a “three strikes you’re out” policy should be established for violations so that another property owner can enter the VHR rental pool (if a cap on the number of VHRs is established and reached in residential zones).

### **Additional Questions**

The following questions came out of the public workshop, the review of the emails received, and staff review of regulations from other communities.

- Should the STR license run with the property owner or the property? In other words, if a STR rental home is sold, should the use of it as a vacation rental run with the land?
- Should “home exchanges” be an exception to the STR licensing?
- Should a STR of a room in an owner’s home, or a home used as a long-term rental, also be licensed as a STR (which is required now) or be an exception (to the requirement for a STR license)? Should there be a limit to the number of rooms in a long-term rental or owner/occupied home rented as STRs? Based on the definition of STRs in the business license section currently adopted, STRs include individual rooms in a dwelling unit (Sec. 6-6-10 Definitions. *Short-term rental unit* means a privately owned residential dwelling, such as, but not limited to a single-family or multiple-family attached unit, duplex, condominium, townhome, apartment, or any portion of such dwellings, rented for occupancy for dwelling, lodging, or sleeping purposes for any period less than thirty (30) consecutive days.).
- Should a specific category for STRs in an owner-occupied home be created similar to that of Steamboat Springs and Telluride? This category limits the number of days a year and the number of times a year that a home may be used as a short-term rental. Steamboat Springs limits STRs to not more than 2 times a year with a combined total of not more than 30 days a year. Telluride limits the STRs in residential zone districts to a cumulative total of fewer than 29 days a year per each home with no more than three times a year.
- Should STRs be permitted in an apartment building (i.e. a multi-family building with three or more dwelling units)? Generally, apartments provide the community with affordable housing, which could be adversely impacted in terms of rental prices and “community feel” if mixed with STRs. Would this category include side by side townhomes? Again, based on the definition in

the business license section (Sec. 6-6-10) of the Code, apartments are included in the STR definition.

## Recommendations

Staff suggests that the Planning Commission recommend to the City Council that the Land Use and Development Code be amended to:

1. Expand the regulations regarding short term rentals to include:
  - a. List “short term rentals” as a use requiring AR (administrative review) on Table 16-D of the Land Use and Development Code in residential and commercial use categories with reference to a specific section (or sections) in the code under the Standards column pertaining to regulations for short-term rentals.
  - b. Create a new section in the Land Use and Development Code (similar to that for accessory dwelling units) that lists the regulations pertaining to short-term rentals. This section would include reference to the licensing requirements already adopted. The regulations could specifically address impacts related to noise, parking, frequency or duration of short term rentals, posting of contact information, and number of STRs permitted per residential block (i.e. one per block).
  - c. Amend the definition of “short-term rental unit” under Sec. 6-6-10 in the business licenses section of the City Code. Currently “short term rentals” include “but not limited to” wording and also “apartment” or “any portion of such dwellings” in the definition. Clarification is needed whether STRs are permitted in individual rooms in a dwelling unit, in an apartment in an apartment building, or “any portion” of a dwelling. The Land Use Code currently does not permit STRs in accessory dwelling units. The amended and corrected definition needs to be the same as a new one added to the Land Use Code.
  - d. In the STR regulations of the Land Use Code, include a cap of short-term rentals in residential zones. Currently short-term rentals in residential zones total about 64% of the 103 total registered rentals, or 66. An established maximum percentage of the total number of registered short-term rentals City-wide in both commercial and residential zones would not work if there is a steady increase in licensed STRs in commercial zones (which is encouraged). Currently STRs total about 3% of the total number of dwelling units in all combined Salida zones.

Santa Fe set a maximum of 350 short-term rentals in residential units (where not otherwise permitted). Durango limits them to 39 in two certain residential zones. Establishment of a percentage limit of STRs in residential zones in Salida is the best option (3% has been recommended), but it would require a detailed land use survey of dwelling units in the four residential zones. The tally would need to be updated annually to include new construction. As the number of new dwelling units goes up, the total number of permitted STRs in residential zones would also rise. The tally would also require research of the dwelling units without restrictions in the Planned Developments.

While it is certainly possible, such a survey would be time consuming and would need to be completed prior to the moratorium deadline of April 3, 2017.

- e. The regulations section for short-term rentals in the land use code should also include any specific stipulations for STR rooms in a home and for apartments in an apartment building. Durango recently adopted regulations for STRs in a room in a home as a “major accessory use.” In Durango, the STR room is limited to one bedroom only in an owner-occupied home when the owner is present. Planning Commission discussion is needed concerning whether STRs should be permitted in individual bedrooms in a home. Staff recommends that STRs not be permitted in an apartment in an apartment building for reasons previously stated.
- f. The current Land Use and Development Code does not permit accessory dwelling units to be used as short-term rentals (Section 16-4-190 (c) (4)). Originally, the provision allowing accessory dwelling units was created specifically to provide additional infill affordable dwelling units on a long-term rental basis. Although a couple of citizens recommended that ADUs be permitted as short term rentals if the main house is owner-occupied, staff recommends that they remain long term rentals.
- g. Regarding “any portion of such dwellings,” (wording found in the current definition of short-term rentals) any permitted short-term rentals should be located in a code compliant dwelling unit (not a backyard shed or tent). The wording “any portion of such dwellings” should be deleted.
- h. Staff recommends that a short-term rental license be tied to the property owner, i.e. the person on the license, and not the property. With a percentage cap on the number of STRs in residential zones, a valid “three strikes you’re out” policy for violations would be attached to the license. When a STR loses a license due to multiple violations, then, another STR could be added to the pool. Attaching the license to the property, not the current owner on the license approved, creates a “floating hotel” commercial land use in residential zones with inflated commercial values.
- i. STRs in commercial zones will still need to be licensed and comply with relevant code compliance sections in the new land use code STR section. Registration of commercially zoned STRs assures that the applicant comply with lodging and sales tax requirements, provides the City with a way to track the number of STRs, and provides a way to address complaints.
- j. The maximum number of permitted renters per unit and the location and number of parking spaces should be established with the STR license application form. The maximum number of renters and the location of available parking spaces should also be posted inside the STR unit.
- k. The City should create a uniform recommended posting form to be installed inside each STR unit that identifies the code regulations for STRs as well as contact and emergency contact information.
- l. Incentives or rental assistance information should be offered for owners of second homes who may be considering renting their dwelling unit on a long-term basis.

City of Salida, Colorado

Planning Commission Public Workshop on Short Term Rentals November 16, 2016

**Discussion Table Comments:** Following an informative presentation, workshop attendees broke out into groups of about ten people per table for guided discussion.

Question #1: What are the most important issues concerning the topic of VHRs (pros, cons, mixed=OK), then rank in order of importance in 1 to 5 with one being most important):

✚ Table #1:

1. Loss of affordable long term rentals for locals
2. Loss of community feel/diversity
3. Impact to neighbors (noise, who's next door?)
4. More consistent revenue stream
5. Management of the STR system compliance; true numbers of STRs

✚ Table #2: Cons

1. Long term rental impact
2. Creating "ghost neighborhoods"
3. Visitors disrespecting neighbors
4. Too many people (VHR visitors); parties
5. Homes not selling to locals
6. Revenue loss to hotels, motels, B&Bs
7. Enforcement: CD alarms, fire escape access
8. Run a business but paying residential taxes
9. Noise, lack of community feel, trash, parking

✚ Table #2: Pros

1. Money spent here
2. City is registering/tracking
3. Brings job opportunities in management, shoveling, etc.

✚ Table #3:

1. The "cons" regarding vacation rentals are also true of second homes; loss of long term rentals, increased prices, loss of sense of community...vacation rentals are not necessarily the cause
2. Nuisance factor; initiate a complaint system: pro RE new regulations
3. Cap number of vacation rentals in residential areas. How to determine cap #?
4. Concern that many STRs may not be registered...how to enforce? Higher fine?
5. Deed restrictions on new construction in exchange for incentives from City to limit certain housing stock to local residence with housing authority to qualify and enforce

✚ Table #4:

1. Equal standards, accountability, compliance
2. Freedom as a property owner to rent own home (owner occupied) within federal guidelines
3. Connection to the community vs mass or unknown investors
4. Second home owner should be a citizen of the City of Salida and within compliance of VHR regulations

5. Least restrictive regulations possible...either no cap or a liberal high cap

✚ Table #5:

1. Short term rentals (in existence) grandfathered in
2. Short term rentals not in dense neighborhoods
3. Safety inspections must be tracked and in compliance
4. Higher percentage (of permitted STRs) as town grows
5. Maintain community feel/balance
6. Affordable housing must become available for worker bees as town grows

✚ Table #6:

1. Noise complaints
2. Loss of community (i.e. community organizations)
3. Loss of neighbors/ connection
4. Pro: income source (AIR BNB), increase in small business money
5. Long term rental options/housing for community members

Question #2: What do YOU want concerning the topic of VHRs?

✚ Table #1:

- Regulation developed and enforcement
  - Density plan (# of STRs in a zone/block or neighborhood)
- Tap into community need from people impacted by #1 (loss of affordable long term rentals for locals)
- Survey monkey to broader community with same questions
- Publish who to contact if there are issues with a STR
- Publish data base of STRs on City website

✚ Table #2:

- Not all registered; how does City monitor this
- Need lottery for VRBO, otherwise long term rent it (i.e. like Santa Fe)
- Fine owner and tenant
- Limit to commercial zones if investment properties
- Property owner rights (you live there, you scoop walks)
- Residential; OK to STR your primary residence
- Limit # days of occupancy
- Grandfather in current STRs, but still leave too many STRs

✚ Table #3:

- Concentrate STRs in concentrated areas vs spread through neighborhood
- Innkeeper assigned to or living in rental house

✚ Table #4:

- Priority to current and long-term tax payers on the property; if there are going to be limitations, there should be priority to those who are “grandfathered” in
- Discuss corporate vs personal ownership
- Balance between long-term vs short term rentals and how it impacts the workforce
- Limit or eliminate VHR in residential areas (zones 1,2,3,4?)

✚ Table #6 (predominantly questions):

- Are second home owners affecting voting trends?
- Increase in housing prices, drop in community diversity
- How are regulations being managed? How does State regulation affect local regulations?
- How will the City manage the issue (\$, resources)
- What are our community values?
- Transient camp on public land, couch surfing, homelessness

**Comments from Individuals.** Comment cards were distributed at the workshop to encourage individual attendees to provide their ideas and concerns. The following list is the comments from the cards sorted by topic.

Protection of Long Term Rentals:

- Ensure long term rentals.
- Improve zoning regulations to promote affordable, multi-family housing.
- A tax incentive for long term rentals.
- Incentive through tax breaks or otherwise for VRBO owners to work with local agencies for emergency housing with tenant readiness and organization oversight.
- Is there really a correlation between affordable housing and vacation rentals?

Location of Short Term Rentals:

- Be aware of density. Spread them out so the neighborhood still feels like a neighborhood.
- Limit by zone; freeze zones now. Forces thoughtful new development in “R” zones.
- Commercial districts allow lodging as a use by right.

Ownership of Short Term Rentals:

- Look at owner occupied only (which would include people who live here part of year and leave part of year).

Proportion of short term rentals and second homes to long term rentals:

- 3.5% of housing as vacation rentals is not extreme...where is the percentage that becomes a problem?
- Don't believe we have an accurate picture of the number of short term rentals. Post a list on line and citizens can check and help monitor.
- The housing crunch problem our community is facing cannot be solely blamed on or therefore alleviated by vacation rentals or second homes. The need for long term rentals or homes for homebuyers as “affordable” is huge.
- VHR = 103, 2<sup>nd</sup> homes=600, together = around 700. 700/3000 (dwelling units) is almost 25%. That is a high margin especially keeping in mind that those are just the ones documented. I think a quarter of our housing is a high enough number.
- 17 to 20% of housing is 2<sup>nd</sup> homes. How are they being used?



Specific regulations for short term rentals:

- Fine the homeowners when complaints are filed; noise, trash, etc.
- Property maintenance: make sure they are shoveling sidewalks in winter.
- Use existing enforcement/codes to limit nuisances.
- Fine for non-compliance should be \$5,000.
- How can you police various limitations? (Frequency, # of people, etc.)
- If VHR tenants/owners violate regulations, should have license revocation as an option for repeated offenses.

Comments from owners of vacation houses:

- Please do not underestimate the economic impact of short term rentals; renters spend, spend, spend in the community, i.e. downtown restaurants and second home owners as well at True Value, Walmart, fuel, restaurants, shopping.
- I think vacation rentals and affordable housing is apples and oranges. I would not use my vacation rental for a long term rental. My choice. We follow all the rules and comply with everything required. I want the City NOT to interfere with my ability to make income.
- We have a second home here in Salida. Our personal use is about 80% and we VRBO about 20% of the time. We heard “through the grapevine” that licensing was required. There needs to be a way to communicate to these homeowners what requirements are needed. Thankyou for a great forum.

Comments about the economy:

- Focus on developing non-tourism industries that bring in better paying jobs.
- Consider the benefits of economic benefits/stimulus (of VHRs) to downtown businesses.
- Many people have money and want a house in Salida. If they can't rent when not here, then house sits empty and not a benefit to businesses or neighbors.
- Do we want one large motel, the income of which does not come to our community, or do we want a community?
- Our economy is growing on the backs of lowly paid employees working odd, long hours. How about improving wages?
- Unbounded greed will NOT build a quality community or county.



Beverly Kaiser &lt;beverly.kaiser@cityofsalida.com&gt;

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**Fwd: Short term rentals in Salida**

1 message

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**Steven Rabe** <steven.rabe@cityofsalida.com>  
To: Beverly Kaiser <beverly.kaiser@cityofsalida.com>

Mon, Nov 28, 2016 at 9:47 AM

----- Forwarded message -----

From: **Frankie Veltri** <chuckfv@cox.net>  
Date: Sun, Nov 27, 2016 at 10:13 AM  
Subject: Short term rentals in Salida  
To: [steven.rabe@cityofsalida.com](mailto:steven.rabe@cityofsalida.com)

Mr. Rabe, I watch with interest the debate going on in Salida regarding the regulation of short-term rentals and I thought I might give you a renter's perspective of the situation. I am a former Salida native, living in Arizona, with family still in Salida. Every year, I bring my daughter, son-in-law, grandkids, son and his wife and, occasionally, some friends to Salida. We come to revisit family, play in the Chaffee County open golf tournament or the July Shavano Showdown, eat out, rent cars, spend money on local products and enjoy Salida. We spend about 3-4K per week on this outing and it always includes the rental of a home in Salida. The payment for this home includes city taxes, a significant cleaning fee which helps keep someone employed and the rental fee to the owner. If we had to pay for the 3 or 4 motel rooms needed for us, instead of pooling our resources for a house, we would not come. It would be too expensive. And, sir, I know from personal experience that I am one of many out of state residents who do the same thing. I talk and play with these people at the golf tournaments and I hear their stories and they say the same things I am saying. Collectively, we contribute significantly to the Chaffee economy. Given the fact that we pay from \$200 to \$400 per night for these rentals, I don't see how restricting them would open housing for locals. The rent would be excessive.

My wife and I travel the country and always look for a short-term rental, as it is more comfortable, more convenient and usually, less expensive. We are low impact travelers and don't use community services. However, we do pay our share of the lodging costs and fees and contribute to the city tax base. We are the kinds of tourists Salida needs and wants. Don't force us to quit coming because of some short sighted regulations.

The short-term rental industry is a clean, low impact business and helps struggling Salida residents make ends meet. We are your friends, not your enemies.

Chuck Veltri

[623-363-3168](tel:623-363-3168)

Goodyear, Az 85395

# Community offers input on short-term rentals

by Jan Wondra  
Mail Staff Writer

Mtn Mail  
Nov. 21  
2016

Around 65 Salida residents offered their views on short-term rentals Thursday at a meeting called by the Salida Community Development staff and Salida Planning Commission.

Those who attended indicated support somewhere in the midrange of regulatory severity – neither wishing to totally eliminate short-term rentals nor to give free range to the activity.

A number of residents expressed worry about the “loss of neighborhood feel” and becoming “ghost neighborhoods,” when too many short-term rentals cluster in a neighborhood.

“It doesn’t feel like a neighborhood when you’re surrounded by these,” said one attendee. “My bet is the city is going to move to cap the number of vacation rentals.”

During breakout sessions, each group was asked to consider two key questions: what impacts they see on the community and what sort of regulations they think should be put in place to manage short-term rental activity.

Salida City Council in September enacted a 6-month moratorium on new short-term rental units in residential areas while it assesses the impact on the community.

A short-term rental is defined as rental by a nonresident for 30 days or less. Many of the units are listed on sites like VRBO and Air B&B.

While 105 short-term rental units have been registered with the city, city officials said they think more are operating but have not been registered. The official number represents 3.5 percent of all housing units in Salida. In addition, there are some 600 second homes, which are frequently empty, within the city limits.

Thirty percent of Salida short-term rentals are in commercial zones, and around 60 percent lie in residential zones. The remainder are in mixed use.

Interim city planner Bev Kaiser reviewed what other communities, both in Colorado and elsewhere, have done to manage the impact of short-term rental activity. Those range from least restrictive (permits with registration) to more restrictive (limiting the number allowed per block, as Durango does) to limiting activity to owner-occupied houses (as Denver does).

“Telluride limits the number of times per year that a property can be used as short-term rentals,” said Kaiser. “Places like Santa Fe and Manitou Springs limit the maximum total number or percent of dwelling units in town. Manitou Springs has capped it at no more than 2 percent.

“Areas of coastal California have simply prohibited short-term rentals in residential-zoned areas. In Breckenridge, some 41 percent of all housing units are short-term rental.”

Several groups commented that short-term rentals in areas zoned commercial seemed appropriate – especially in downtown areas where density is encouraged and the town’s railroad history underlies historic lodging activity.

Others expressed concern that short-term rentals in residential areas, when reserved through entities like Air B&B, weren’t paying any lodging tax, giving them an unfair advantage over hotels and B&Bs.

Kaiser noted that Steamboat Springs has recently negotiated a deal with Air B&B on lodging tax, so owners offering short-term rentals won’t have to juggle rates with and without tax.

Several people raised the issue of the impact of short-

term rentals on workforce housing availability, while others noted that having a vibrant downtown is important to Salida’s economy.

Nearly every discussion group raised the issue of how to maintain the feel of a neighborhood when short-term rentals are introduced, bringing with them the potential for more noise, more trash and different renters week after week. No one wanted to be surrounded by short-term rentals or second homes with no one in them.

“I think we need to consider the potential to degrade existing neighborhoods,” said Tom Pokorny, who co-owns Natural Habitat Designs and has created new housing areas like Crestone Mesa, which does allow short-term rentals.

“My concern is that we don’t overlook the economic component, and we need to consider different regulations based on different zoning types.”

Several questions were raised about permitting or licensing short-term rentals. Among them: If permits will be limited to a percentage, how would the city manage that? Would the city issue a permit to the property owner to operate a short-term rental, or would it issue a permit for a specific piece of property? If so, could a short-term rental permit be grandfathered and sold with a property?

Another raised the question of what kinds of complaints have been received in Salida and other places, which could help guide where regulations should be developed or tightened.

“The challenge is how to keep community,” said Salida Planning Commissioner Greg Follet.

The city staff gathered all the comments and will issue a report in early January. Another community meeting is scheduled for Jan. 10.



## Vacation House Rentals

3 messages

**Beverly Kaiser** <beverly.kaiser@cityofsalida.com>  
To: wburkholder@comsgov.com

Tue, Nov 22, 2016 at 10:20 AM

Hi Wade,

I'm working as an interim planner for the City of Salida. As you recently did, we're working through the process of coming up with the best way to handle the impact of short term rentals. Noticed your 2% cap on vacation rentals. How did you come up with the 2% figure? On what was it based? We recently had a public forum on the topic of short term rentals...a percentage cap was generally favorably viewed, but the question is an appropriate percentage or number.

Thanks in advance for your help.

Bev Kaiser  
Salida Community Development Department

**Wade F. Burkholder** <wburkholder@comsgov.com>  
To: Beverly Kaiser <beverly.kaiser@cityofsalida.com>

Tue, Nov 22, 2016 at 10:32 AM

Hi Bev,

The two percent cap was decided upon, with some controversy, based on other mountain communities of approximately the same number of housing units. Below is the chart we used. We purposefully started small and slow as our desire is to protect the year round residential neighborhoods in Manitou Springs. We have 2,804 housing units, we knew or had a feeling that we had about 20 approved and 30 illegal vacation rentals in town already, we figured if we were to make all these units legal we'd have about 6 or so more we could approve. The thing we also ended up with was a separation distance or density requirement which really hamstrung us a little bit more than we thought so, since we approved the Ordinance we have only approved 7 additional units, so it has slowed the process quite a bit. We have also contracted with Host Compliance to monitor the websites to make sure we are getting properties that are listing but maybe not approved notified. Let me know if you have any other questions. Good luck. Wade

### VHR's Compared to Housing Units

	Total Housing Units 2014 Estimates	VHR Listings 2014	Percent of Units Listed
Breckenridge	7,187	2,911	41%
Crested Butte	1,098	170	15%
Durango	7,234	73	1%
Estes Park	4,176	301	7%
Frisco	3,167*	184	6%
Jackson	4,736	N/A	N/A
Mt. Crested Butte	1,575	819	52%
Ouray	802	97	12%
Park City	9,471*	2,547	27%
Steamboat Springs	9,991	696	7%

\*2000 Census figures; 2014 estimates for other towns from Colorado State Demographer.

Wade Burkholder, AICP, CFM

11/22/2016

City of Salida Mail - Vacation House Rentals

City of Manitou Springs Planning Director

606 Manitou Avenue

Manitou Springs, CO 80829

wburkholder@comsgov.com

719-685-4398

www.manitouspringsgov.com

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**From:** Beverly Kaiser [mailto:beverly.kaiser@cityofsalida.com]

**Sent:** Tuesday, November 22, 2016 10:21 AM

**To:** Wade F. Burkholder

**Subject:** Vacation House Rentals

[Quoted text hidden]

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www.manitouspringsgov.com

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**Beverly Kaiser** <beverly.kaiser@cityofsalida.com>  
To: "Wade F. Burkholder" <wburkholder@comsgov.com>

Tue, Nov 22, 2016 at 11:15 AM

Wade,  
Thank you! That's very useful information.  
Bev Kaiser

[Quoted text hidden]



Beverly Kaiser &lt;beverly.kaiser@cityofsalida.com&gt;

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## short term rentals

1 message

Tom Jacobson &lt;jakeinsalida@gmail.com&gt;

Tue, Nov 22, 2016 at 9:13 AM

To: beverly.kaiser@cityofsalida.com

Bev,

I wanted to follow up last weeks meeting with a summary of my own thoughts on STRs. Many reiterate what others at the meeting concluded but perhaps a few are novel. Thanks, tom jacobson

Some of the concerns raised about the proliferation of STRs can be addressed through land use code updates. The code currently allows a number of 'commercial' uses in residential zones via conditional use such as day care or massage. Those uses are subject to review and limited standards. Some standards/restrictions could apply to STRs:

- \*Parking-require X number of off street parking spaces per bedroom for STR.
- \*Dogs- disallow pets from STRs, although I think this would have a huge negative impact on demand.
- \*Noise- enforce existing noise ordinances and restrict the total number of visitors allowed per STR
- \*Require a local contact to 'check in' the renter and go over issues.
- \*Create a system of fines to address noise in these specific situations i.e. beyond current noise standards.
- \*Set standards for distance between STRs. (Might be difficult if grandfathering existing units).

Outlawing or limiting STRs most likely will have a minor effect affordability. However, it may be that the free market will naturally limit the financial incentives to STR rather than long term rent. If the Sprout home development comes to fruition, it appears they will be offering around 70 additional STRs as well as some 'affordable' units. Raising the cost of running an STR via increased lisc. fees, commercial ad valorem taxes, etc. might encourage some owners to re-enter the long term rental pool.

STRs are in many ways superior to the conditions that existed a decade ago when a large percentage of houses in town were second homes that were seldom occupied and often dark. STR generate greater taxes and economic activity than empty second homes. While STRs may contribute to less neighborly neighborhoods (due to ever changing tenants, added noise (summer only), and parking issues) often empty and dark second homes create their own negative effects.

STRs create affordability for some residents. Some folks may 'need' to STR in order to make financial sense for the particular situation. Owner/occupants should be treated differently from investors.

No mention was made of home exchanges which are essentially STR for barter. I think these should be specifically exempted so as not to create ambiguity. I suspect these

occur infrequently and seem like an essential property right.

If the City elects to limit the number/% of STR, it is extremely important that a fair and equitable system be adopted. If the city were to just grandfather in existing STRs, they would be bestowing a property right (even if it was non transferable). Some sort of lottery should be implemented fees should be high enough to compensate the city for administrative costs. An auction could be held for a limited number of permits (although applicants should have to meet the conditional use standards as well). A method to spread STRs throughout the city would be needed.

STRs should pay ad valorem taxes at commercial rates rather than residential although some proration may be necessary.

The city should set lics. fees on STRs at a level that ensures that the city recoups all administrative costs involved with policing STRs.



Beverly Kaiser &lt;beverly.kaiser@cityofsalida.com&gt;

## Short Term Rental/housing concerns - Facts and fiction

1 message

**Lawton Eddy** <leddy@pinonrealestate.com>

Fri, Nov 18, 2016 at 6:45 PM

To: "jim.livecchi" <jim.livecchi@salidaelected.com>, Hal Brown <hal.brown@salidaelected.com>, Melodee Hallett <melodee.hallett@salidaelected.com>, rusty.granzella@salidaelected.com, Cheryl Brown-Kovacik <cheryl.brown-kovacik@salidaelected.com>, beverly.kaiser@cityofsalida.com, Francie Bomer <fbomer55@gmail.com>, Eileen Rogers <eileen.rogers@salidaelected.com>, steven.rabe@cityofsalida.com, cocovinisdesign@gmail.com, Mike Bowers <mike.bowers@salidaelected.com>, "P.T. Wood" <PT@woodsdistillery.com>, Paula Berg <pdberg13@gmail.com>, Harald Kasper <harald.kasper@gmail.com>, Greg Follet <greg@fishbuilders.com>, dthomas@naturalhabitats.biz

Dear Council Members, Mr. Mayor, City staff and Planning Commissioners (I didn't have email addresses for all of you; please share),

The recent community forum on short term rentals (STR's) yielded good discussion and suggestions for consideration as Salida ponders how to regulate this unwieldy business.

It also became apparent that there are some assumptions about STR's that aren't entirely accurate. I can't speak for all STR's, but based on 9 years of VR management experience including a hundred-plus home owners and a few thousand guests over the years, I offer these observations:

**Assumption:** VHR's bring in much more income than long term rentals (LTR's).

**Our experience:** The most popular STR's (on the river or large mountain homes) can earn more than monthly rent would bring in. Most STR's do not earn as much as or more than monthly rental would bring in due to competition, downtime during slow seasons, owner usage and current high long-term rental rates. In addition, owners of STR's often pay management fees, marketing costs and the costs of utilities, wifi/cable and trash collection (which are typically paid by long term renters) which reduces revenue. Maximizing revenue is less of a motivator to STR owners than offsetting expenses on their second home between their personal stays or until they move into the home.

**Assumption:** Many STR's are owned by out-of town investors with limited ties to the community.

**Our experience:** Fewer than 1% of STR owners do not use the home themselves but own it as only an investment property. Each of the owners we've worked with who do not use the home themselves either live in or near Salida and have ties to the community. The vast majority of owners spend from several weekends to a few months per year in the house and many intend to live there in the future.

**Assumption:** STR's have a huge nuisance factor.

**Our experience:** Most STR guests treat the home respectfully. Of the hundreds of reservations annually and despite explicit instructions regarding parking, noise, trash and occupancy, we receive on average fewer than one complaint per month from neighbors. This can increase during busy summer weekends. When asked to discontinue the annoying activity the guests typically apologize and remedy the situation. Ironically, we also receive complaints from STR guests about local neighbors who are loud late at night or who snoop around the property they're staying in. I empathize with anyone who has noisy vacation rental guests or noisy neighbors nearby; I have had both.

**Assumption:** STR's pack too many guests in the house.

**Our experience:** There is a maximum number of guests allowed based on number of bedrooms plus sofa bed or futon. This can be difficult to monitor but if we find that they exceed this number they are fined. On occasion guests who



come to Salida for a reunion, wedding or a family event will invite friends and family to their STR for a gathering resulting in lots of cars and activity during the gathering.

And perhaps most pervasive and insinuated into the "Cons of vacation rentals" as presented at Wed. night's STR community discussion:

Assumption: STR's cause loss of long term rentals and affordable housing and displace local workforce.

Our experience: Since Salida became a destination of choice, people with disposable income have bought Salida property in droves. 17% of Salida's housing stock is owned by out-of-county owners and many in-county residents also own second homes which makes the true percentage higher. The demand for second homes has driven up prices and created a decrease in supply. It is high rental rates and home prices in addition to limited housing supply that have resulted in loss of long term rentals and affordable housing. STRs are also a result of second home ownership. If all STR's, which comprise 3.5% of our housing stock, were eliminated and returned to the market for long term rental or for sale, these homes would not provide workforce housing; they are simply too expensive and likely to be bought as second homes. (Per the recent Housing Needs Assessment rental rates and purchase prices are out of reach of 40% of our population.) Many of the homes would simply sit vacant between owner visits.

I support STR regulations which reduce nuisance factors, which cap the number of STR's to a percentage of the housing stock in residential zones and which enforce compliance with licensing, safety regulations and payment of taxes. I caution against wishful thinking that regulating or reducing vacation rentals will improve our affordable and workforce housing situation. Only a concerted effort by the city to heed the recommendations of the recent Housing Needs Assessment and formation of a multi-jurisdictional housing authority can begin to accomplish this. Both efforts should be put into motion immediately, not after vacation rental regulations are sorted out. I am currently involved with the county Housing Policy Advisory Committee and am optimistic that these needs and solutions will gain the attention and momentum required to effect change. I hope to see all of you at the Chaffee County Housing Summit at Mt. Princeton on December 8<sup>th</sup>.

Very sincerely,

Lawton Eddy



Beverly Kaiser &lt;beverly.kaiser@cityofsalida.com&gt;

## Short Term Rental discussion tonight

1 message

Paige Judd &lt;paigeer@gmail.com&gt;

Wed, Nov 16, 2016 at 5:45 AM

To: Community Development Intern &lt;beverly.kaiser@cityofsalida.com&gt;, Kristi Jefferson &lt;kristi.jefferson@cityofsalida.com&gt;

Unfortunately I can't make the Short Term Rental (STR) public meeting tonight. I think that Salida should limit the number of short term rentals for several reasons, which I have detailed below. Up until this moratorium went into effect, there have been NO restrictions on where STR's can operate. I am really glad that Salida is taking the time to consider this issue.

- I think that STR's should be allowed in commercial zones, and should pay commercial property tax. I think that it is only fair to grandfather in existing STR's in residential zones because the owners played by the rules that existed when they started their businesses.
- STR's drive up the price of housing in Salida
  - STR's are certainly not the only factor in home price inflation, but they are one factor. A friend of mine bought a home that she converted into a short term rental. She said that she could never pay her mortgage if it was a long term rental. My take away is that she paid more for this home BECAUSE it was going to be a short term rental. If buyers were not guaranteed the right to have a short term rental, they would not pay more for a home in the hopes of paying their mortgage through short term rentals.
- STR's should be limited in residential areas
  - If someone wanted to open a day care in a residential zone, they would have to go before Planning Commission and ask for permission. Neighbors would be invited to come to the meeting to learn more about the plan and give feedback. Having a STR next door is at least as disruptive as a day care, and neighbors should have the opportunity to comment before it is approved. At the very least, don't allow more than one STR per residential block.
- Allow STR's in ADU's if the owner lives in the main house
  - An ADU is the perfect place for a STR. The property owner is nearby and can supervise the rental. Residents can earn some extra cash. Neighbors know their neighbors because the owners are on site.
- STR's should pay commercial property tax rates in commercial and residential zones
  - Every other business pays commercial rates, so I think that these businesses should, too.
- STR's remove stock from our rental pool
  - I follow two facebook sites that are set up for renters and landlords to connect (Chaffee County Housing and Chaffee County Rentals). Several rentals popped up in the fall that are available for the winter only. This can be great for a seasonal employee, but it won't work for a teacher or a family who needs full time housing. Every home that is converted into a STR is one less home that is available for a teacher, nurse, police officer. With our current housing shortage, it seems crazy to let the number of STR's continue to climb.
- Let's cap the number of STR's at the current number or at a number close to this
  - As STR's move out of the STR pool, then other applicants can apply for that slot. They need to appear before Planning Commission before they are allowed to operate, and neighbors should have the opportunity to comment.

- Don't allow more than one STR per block in residential zones. It is unfair to the people who live there year round and value the sense of community they feel from knowing their neighbors.
  
- Increase the fee for registering a STR, and consider adding a nightly fee to be paid by the person who rents the STR.
  - Some of these homes are renting for hundreds of dollars a night. I think that the fee to run a short term rental should be substantial (\$1,000 per year) and that these funds should go towards a program to develop affordable housing in Salida.
  - Owners already collect a fee that goes to the Chaffee County Visitor's Bureau, just like hotels do. I would increase the nightly fee and channel that extra money to an affordable housing development program.
  
- Change the City Code to address STR's. The rules should be codified and clear to all so that everyone knows what to expect.

Thanks again for holding the meeting tonight.

Paige Judd

719.539.5615



Beverly Kaiser &lt;beverly.kaiser@cityofsalida.com&gt;

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## Comments about Salida's Short-Term Rentals

1 message

Francelia Lieurance <flieuran@gmail.com>  
To: beverly.kaiser@cityofsalida.com

Tue, Nov 15, 2016 at 5:42 PM

Good evening Ms. Kaiser,

I am a resident of Salida who's lived here over 12 years within the historic part of Salida. Because I will be unable to attend tomorrow night's meeting, I wanted to share my own thoughts about short-term rentals in our town. I would note that there is a short-term rental directly across from my home and have seen another 4 pop up in less than two blocks from my home over the last few years. Here are my observations\opinions in no particular order:

1. Let's keep the number of short-term rentals capped as there's a housing shortage in this town and short-term rentals are geared entirely towards tourists or "well-heeled transients" who are considering moving to Salida.
2. Short term rentals fracture neighborhoods. People here like to know who their neighbors are, watch out for each other and their families and keep an eye on one another's homes and yards. Short-term rentals, and the folks in them, have no interest in getting to know their "neighbors". Unfortunately many who rent these properties are less than sensitive to being in a neighborhood of families with music and parties going until all hours of the night.
3. We've a severe shortage of rentals for those who want to live and work here **full-time** and these are they people who SHOULD be able to call this place home; they work, enroll their kids in our schools, spend their money locally and are committed to calling Salida home. They should not have to commute from as far as the San Luis valley because our community's locking up housing for the tourists.

I appreciate you taking the time to consider my comments and am willing to discuss further, if necessary.

Thank you for your time and attention.

Sincerely,

Francelia S. Lieurance  
646 E St.

## Vacation Rental Community Discussion 11/16/16

### Concerns about VR's:

#### 1. Reduced work force and affordable homes for rent or purchase

Suggestions: Look at the big picture

- a. Recognize that VR's are a small subset of Second Homes. 600+ Salida homes are second homes (low estimate as this is out of county owners only). This is 17% of housing stock. This has a much greater impact than vacation rentals at 3.5%.
- b. Supply and Demand underlies the high prices and low inventory; demand will grow, we must increase supply.
- c. The recent Housing Needs Report specifies the need for multi-family housing and the need for "affordably priced" 25-30 housing units/year over the next 10 years to meet current and future need.
- d. Most vacation homes aren't "affordable" if they were to be long-term rented or sold.

#### 2. Non-compliance with fees/taxes

Suggestions: Continue licensing process

- a. Provide city resources for enforcement of licensing and tax compliance, to levy fines and to provide support to owners, local contacts/managers re: best practices

#### 3. Loss of neighborhood feel; heavy concentration of VR's in a block or neighborhood

Suggestions: Cap number of VR's in residential areas

- a. Allow VR's in commercial areas.
- b. Limit number of VR's in residential areas to 3.5% of RESIDENTIALLY ZONED housing stock.
- c. Limit number of VR's per neighborhood/block/geographic area?  
This would be difficult due to differences in neighborhood density and limited city resources to determine and enforce this. Other solutions?

#### 4. Impact on Neighbors, nuisance; noise, trash, parking

Suggestions: Reduce nuisance and impact on neighbors

- a. Provide owners and local contacts with template of info to include in rental agreement and in the welcome book and/or posted on the door to address requirements for trash, number of guests, parking and noise/quiet times
- b. Require that owners/local contact provide neighbors with local contact numbers to call from 8am – 10pm and police dispatch number to call during other hours and Code enforcement number re: weeds, snow removal.
- c. Restrict outdoor fires during summer months when neighbor's windows are open.

#### 5. Potential for number of VR's to grow to a Breckenridge-like number/percentage

Suggestions: Limit growth of VR's based on zoning areas and total housing stock #'s.

- e. Cap number of VR's in Residential areas to 3.5% of Residentially zoned housing stock. City personnel would track this as new housing stock is added; as VR's close (are sold or become LTR's) and as new VR's are added.
- f. Allow VR's in commercial areas
- g. Consider allowing VR's in non-commercial but otherwise expensive heavily touristed areas such as river frontage (eg, homes that are out of reach of local/workforce home buyers).
- h. Allow HOA's to prohibit or allow VR's



## Ideas for regulations

1. All short term rentals that were paying lodging tax before the moratorium are grandfathered in.
2. Short term vacation rentals shall be governed by the land use code.
3. STVR are permitted in C-1, C-2, RMU and I.
4. STVR are allowed under Administrative Review in R-1, R-2, R-3, and R-4 Zones
5. STVR shall not be closer than 175 feet from any other STVR.
6. STVR are allowed in an ADU, but only one building on a lot shall be allowed to STVR.
7. STVR are only allowed one per lot.
8. The name on the license must be the same as the name on the deed for the property, and that name must be a person, not a trust or a company.
9. The license is personal to the owner of the property and shall not transfer to a new owner.
10. Violations are governed by Section 1-4-20.



Steven Rabe <steven.rabe@cityofsalida.com>

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## Short Term Rentals

1 message

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msugaski3@gmail.com <msugaski3@gmail.com>

Mon, Sep 19, 2016 at 11:54 AM

To: "Steven.Rabe@cityofsalida.com" <Steven.Rabe@cityofsalida.com>

Dear City Administrator, Mayor, and City Council

My name is Mike Sugaski and I am a permanent resident of Salida at 204 W Park Ave.

I'm sorry I won't be able to make the council meeting Tuesday Sept. 20, but I would like to present my comments on the issue of short term rentals (STR) that is on your agenda.

I think short term rentals is a business that should be taxed accordingly with the proceeds going to affordable housing in this community which we are lacking to meet the needs of our tourism workforce. Short term rentals has brought problems to many local residences that have lived in quiet neighborhoods and know who their neighbors are. If allowed in these types of residential neighborhoods there should be controls and restrictions placed on them to make them as compatible as possible. There should be a limit to the number of people that can stay in each one. There should be quiet hours to keep the disturbance down to a minimum for the neighbors. There should be fines placed on the owners of the STR's for gross violations of the terms of the agreements. And, there should be a three strikes and your out rule for those STR's that violate the terms.

When my family bought into our neighborhood one of the attributes we search for and like the most is that it is a quiet, family, friendly neighborhood where people know and help one another. As I have walked around town the last year or two I have seen the problems with STR i.e., lots of vehicles coming and going, parties with loud noise, use of language that is inappropriate to use in public especially around young kids, and people that don't care about their impact to the neighbors because they don't have to live with them.

I urge you to be very cautious in how you approve and regulate STR. Keep it somewhat flexible in case you need to be more restrictive down the road. The number of compliant will be a good indicator on whether the program is working or not working.

Thank you for taking the time to hear my concerns.

Sincerely,

Mike



Dan Osborn <dan.osborn@cityofsalida.com>

## Me, a Second Home Owner

2 messages

Jenni Smith <jjspanky@yahoo.com>  
To: dan.osborn@cityofsalida.com

Thu, Feb 18, 2016 at 5:55 PM

Dear Mr Osborn,  
Please share with Dara.

It has unfortunately come to my attention that I/we are again under scrutiny for being the dreaded 'second home owners'. And I am not a happy camper! In fact, I find it down right disgusting.

Many years ago when I was an office manager for a doctor's office one of our main mantas was to always be aware that anytime we angered a patient they went out and told seven friends to not use the services of our practice. Well, that also applies to this situation. We have had several friends come visit Salida and query us about buying a second home here. I have felt like the ugly American when I share my concerns about second-home-ownership in Salida. Maybe you're grateful that I discouraged them. But they haven't come back as tourists either.

We have owned this tiny home for almost 17 years. When we started the process the original owners selected us over another interested family from MI who actually offered them more. I have always felt we were a good choice! In my mind we have taken care of their home for 17 years and been part of this community. But it's really hard to be bombarded with constant negative comments and now threats of extra taxes.

Now I realize not all second home owners are the same. But when you put us in a group and start dumping on us I can't be quiet about it.

1. I often look around and some of those people who call them selves locals LEAVE Salida to go on adventures and are literally gone almost as much as we are. Some have second and third houses some place else....
  2. As part-timers we all hire a lot of locals of all ages to help us when we're not here year around. If I were here I could mow my own lawn or shovel my own walk.
  3. When we are in Salida we contribute! The last big snow we (ages 70 + 74) shoveled our walk and two neighbor's walks. Half the block. Not one of your local full timers offered to help as we cleared the walk of the 90+ couple on F Street. No one thanked us.
  4. When the 70+ year old tourist tripped and fell while jogging down our sidewalk several years ago and then wrote an angry letter to the editor of the Mt Mail.....we removed the offending tree and tree roots from our front yard. And replaced 37' of sidewalk at our cost. Hence we hired an arborist as well as concrete installers. No one thanked us.
  5. We have hired roofers, woodworking craftsman and landscapers.
  6. We have purchased lumber, paint and GRAVEL!
  7. Jim, my husband, a Master Hallmark Card Artist of 36 years, frequently CONTRIBUTES artwork. His 4x4" piece always goes for the most at the ArtWalk Silent Auction.
  8. I have bought more local art than anyone else in Salida. Period.
- Our house usually looks as good as many full-timers. We've had people strolling alleys stop and comment 'THIS is YOUR house!' People have been known to stop and take photos of our little house.  
I'm insulted, Jenni Smith

Sent from my iPad

Dan Osborn <dan.osborn@cityofsalida.com>  
To: Jenni Smith <jjspanky@yahoo.com>

Fri, Feb 19, 2016 at 12:27 PM

Mrs. Smith,

Thank you for the email and taking time to share your thoughts. And, thank you, too, for your contribution and commitment to making Salida a great place to live –it sounds like you and your husband contribute a great deal to the community! (I agree that there are many great second home owners in town).



As you know, Council has directed this office to look into the impacts of short-term rentals. We are very early in what will be a larger community conversation about this complicated issue.

At a recent Council meeting staff presented a laundry list of measures other communities have implemented. This list was presented to Council by way of information. At this time no decisions have been made regarding how to best approach the issue. We are currently working to define the issue and Council will provide direction to staff in the coming weeks.

Thank you again for taking time to express your thoughts. We've received a number of comments regarding this issue and I've add your email to our file. These thoughts and comments will be provide to City Council for their consideration. I've also passed your email along to Dara MacDonald as you've requested.

If you have additional questions, or would like to discuss the matter in more detail, please let me know.

Very Kindly,

Dan Osborn

Dan Osborn, MAS  
Community Development Director, City of Salida  
719-530-2631

Find up-to-date information at:  
[www.cityofsalida.com](http://www.cityofsalida.com)

Sender and receiver should be mindful that all my incoming and outgoing emails may be subject to the Colorado Open Records Act, § 24-72-100.1, et seq.

[Quoted text hidden]

**Lawton Eddy**  
**Owner, General Manager of**  
**Pinon Vacation Rentals**  
**Broker Associate**  
**Pinon Real Estate Group**

January 26, 2015

#### Short Term Rental Discussion Points

Hello, I'm Lawton Eddy and I own and manage Pinon Vacation Rentals. As you might imagine I do have a bias in this discussion. My strongest bias, however, is regarding the health of the community of Salida. Salida is my first love, and keeping Salida a real community with socioeconomic diversity and real neighborhoods is my priority.

I'm eager for this discussion to begin and have anticipated it would happen for some time. It's important to be proactive. Currently appx. 3% of Salida's housing inventory is used for short-term rentals. The percentages in other Colorado resort communities go as high as 40+ percent. Acting now in a meaningful effective way can help Salida continue to derive great benefit from the second home market while managing it in way that preserves our neighborhood charm and addresses housing needs for local citizens. Please allow me to share a bit of background on the evolution of short term rentals in Salida.

#### History

In late 2007 I was invited to Pinon Real Estate Group to open my newly forming vacation rental management business under their roof. At that time Colorado Mountain Vacations was in existence managing mostly mountain homes. There was a very small number of privately managed in-town vacation rentals. I pursued my real estate license and set a goal of 15 houses to represent thinking this would provide me with manageable, productive work. But the economy had other things in store...

In 2008 two things happened:

1. the housing market crashed, and, as could be predicted, real estate sales came to a standstill. AND,
2. the building of new homes completely halted. No one was lending and no one was buying. New housing supply dried up.

What no one predicted was that the vacation rental market would take off! Folks who would have bought a second home here but now couldn't because of the economy, still wanted to spend time in Salida. These people wanted a home, not a motel room, to accommodate a group or family in a home with a kitchen so they could all be together. They wanted a vacation rental home and they wanted to visit Salida.

Additionally, folks now unable to sell their homes in Salida due to the economy put their homes into the short term rental market to offset expenses while they tried to sell, or, while they waited to put the house back on the market down the road.

The numbers of area vacation homes grew and expanded into Salida city proper. I started with 6 homes under management, met my goal of 15 and surpassed it in the first year. Within 3 years I had office help and we were managing 35 homes. Currently there are appx 80 *known (documented as paying city occupation tax)* vacation rentals in-town Salida. There are more than 130 in the greater Salida area (includes Howard, Monarch, Nathrop).

Pinon Vacation Rentals manages between 32 and 38 properties from year to year. Currently 23 of those are in-town. Only two of our in-town homes are operated solely as vacation homes. Other homes have owner usage ranging from moderate to frequent (they want to spend time here!). Some owners plan to retire and live in here in the future.

In addition to supporting me, Pinon Vacation Rentals employs 5 part time office staff and numerous cleaners and maintenance people. In 2015 we logged 1,805 nights of lodging and paid \$4,512 in Salida Occupation tax, \$11,494 in County lodging tax and \$13,931 in city sales tax. This represents approximately a quarter of Salida area vacation rentals.

**The Supply of and Demand for vacation rental homes increased in lock step for seven years.** 2015 was the first year we saw a plateau for some types of homes as the market became more saturated. In town the river front and close to downtown homes are most popular. **The supply of available homes in Salida lags far behind need and demand.**

### **The Second Home/ Part-time resident Phenomenon**

The percentage of second home purchases has grown and continues to grow. The demand for second homes in Salida is not the result of good marketing or an economic blip – it is population relocation. Movement out of larger and more crowded cities and resort towns is a trend that has been happening for several years and shows no signs of slowing. The **income disparity** between those who buy second homes and local residents is a gap that is wide and widening, not just in Salida but nation-wide.

**The second home market has created a robust economy in Salida.** People are working – managing, cleaning, fixing, landscaping, designing, building, selling, painting, decorating, furnishing and remodeling these homes. The importance of this market should not be underestimated. The question at hand is – **how do we balance the benefits and the impacts of this reality?**

Second homes can sit vacant most of the year with occasional owner usage, or, can be vacation rented (providing an economic benefit to town). In both cases, second home ownership can impact the feeling of a neighborhood. (Many vacation rentals are in commercially zoned areas and the “neighborhood” impact is not the same).

**The demand for homes in Salida in the context of limited supply of homes drives up home prices. The high prices for Salida real estate means the buyers of these properties are more likely to be more affluent second home buyers than local residents.**

**It is easy to feel frustrated and blame short term rentals for the shortage of affordable housing,** but the cause is much broader; it is **gross income disparity (which we can do little about) and Supply and Demand (which we can address).** The lack of home inventory in Salida has driven prices up and availability down. The high price of homes attracts buyers with money and cash in hand, and bumps out less affluent buyers. Additionally, the current cost of homes and current rental rates does not support the purchase and use of an investment home as a long-term rental. **The result is – an abundance of second home ownership in our community.**

**Vacation Rentals are a SUBSET of second homes. All second homes require maintenance and upkeep and furnishing which greatly benefit local vendors and our economy. Additionally, Vacation Rental homes house guests who spend LOTS of money in our town. Mostly-vacant second homes do not yield this second-tier economic benefit to Salida.**

### **Identifying the “Problem” to be fixed; what are the Goals of this conversation?**

Proposed solutions, regulations or fees for short-term rentals only make sense in the context of identified issues or goals. So... **what is the problem and what are our goals?**

- If our Goal is to **generate revenue** from the bustling enterprise of Short term rentals, then a registration fee on could be a solution. Earmarking the revenue towards enforcement of tax and fee payment would make sense.
- If our Goal is to **make more affordable housing available** in Salida, then the causes of the shortage of housing must be addressed, and there are two: **High numbers of second home ownership** (whether used as a short-term rental or mostly sitting empty), AND, the **lack of housing supply**. These factors result in high prices and home shortages. **Both issues must be addressed to make progress towards this goal.**

- If our Goal is to **maintain the integrity of our community and neighborhoods** then we can look at zoning considerations. Are there “appropriate” locations for short-term rentals? Are commercially zoned areas appropriate and could there be a “percentage” limitation in residential blocks or neighborhoods?  
**How do we manage and maintain the huge economic benefit of second home ownership to Salida in this context?**

**In the absence of clear Goals and identified issues/“problems to be fixed”, regulation of short-term vacation rental homes in a blanket way could prove arbitrary and punitive instead of effective. The impact and benefit of short-term rentals must be considered area by area (neighborhood/zoning area) in order to capture optimum benefit and reduce impact where it is greatest.** Keep in mind, there are many river-front and high end properties (and *many* of the homes in general) which, if prevented from vacation rental usage, would NOT suddenly become available as “affordable” housing. That is wishful but unfounded thinking. There may be SOME buyers who will not purchase a home to use as a vacation rental, but it may sit empty, or they may vacation rent “under the radar”, or they may not buy at all. So, case by case consideration in context of a meaningful goal is imperative. Individual property rights are also a primary consideration in the conversation.

\*\* Please note it is costly to set up a property as a vacation home. The home must be fully furnished down to nice sheets and silverware. All utilities including wifi and cable must be in place as well as insurance. Annual marketing, management, maintenance and operations costs are significant. It is more expensive for an owner to maintain a short-term rental at a standard that makes it attractive and successful, than it does to offer a vacant long-term rental which may or may not be in nice condition. Given this it is logical that the short term rental would garner more revenue.

### **Considerations for Addressing Second Homes in a Meaningful Context**

There are people who are frustrated with the shortage of affordable housing in Salida and I believe this is one of the primary drivers for this discussion. Given that **both second home ownership AND shortage of housing supply** must be addressed to achieve a goal of increasing the affordable housing pool, **a vital part of the discussion has to be: how does the city encourage and promote the building of more in-town housing? Obstacles** to increased building in the affordable range **have been high tap fees for single and multiple units, fees for open space and the vague and undefined requirement for “affordable housing”** (the city does not define this nor is there an entity to qualify buyers or oversee and enforce this requirement).

**The city might get itself off the hook for this “problem” in the short-run by focusing on short-term rentals. In the long run, however, increasing the supply of homes by addressing these obstacles and incentivizing builders to build a variety of dwellings (apartments as well as lower priced homes) is a necessary part of the solution.**

### **Managing the second home piece:**

1. **Consider the most appropriate zoning areas for short term rentals and allow them to thrive (commercial? residential?).**
2. **Consider limiting the number of vacation rentals per block or neighborhood in residential areas. Existing vacation rentals could be grandfathered subject to new regulations**
3. **Consider a short-term rental licensing fee and use the revenue towards affordability solutions. Do not make this fee or application process burdensome for the owner, manager or city personnel, especially in light of the economic benefits of these properties in our community.**
4. **Consider ways to insure compliance with tax and fee payments. Property managers can be held accountable for accurate tax reporting. Compliant owner-managed properties should be grandfathered in in terms of allowing owner management. “Property Manager” could be defined.**
5. **Consider revenue possibilities from mostly-vacant second homes; a “vacancy” tax (similar to an occupancy tax?). Again, not a burdensome process or amount, but enough to acknowledge the impact on the community of these homes in the same manner as short term rental homes are identified.**

6.

**Considerations to help avoid burdensome or punitive and ineffective measures:**

1. **Any type of annual renewal application policy would have to happen at least a year in advance because bookings are made that far in advance. A shorter renewal period would create undue hardship on owners and managers.**
2. **Enforcing a minimum or maximum annual number of days/nights requirement would be punitive. Rental frequency varies based on season and owner usage and location/popularity. If the rentals are conforming, let them thrive so the community derives the benefits.**
3. **Do not create an arbitrary maximum number of guests per house. Optimal occupancy depends on the number of beds in the home. Number of bathrooms is a reasonable guide for house occupancy.**
4. **Application process – don't make it an arduous headache for owner/manager/city.**

I am available to speak on this subject, brainstorm ideas and answer questions. I applaud thoughtful and effective guidelines going forward.

Sincerely,

*Lawton Eddy*

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