

# Short Term Rental Program

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Program Coordinator



# Short Term Rental Permit History



- Ordinance 18-122 – established STR Program (went into effect December 31, 2018)
  - Established Short Term Rental (STR) application/permit process
    - Purpose: To facilitate the permitting of short term rental units subject to appropriate restrictions and standards and to allow for varied accommodations and experiences for visitors while retaining the character of residential neighborhoods
  - Short Term Rental Unit: A residential dwelling unit, or portion of such unit, that is rented for less than 30 days at a time.
  - Short Term Rentals are permitted as accessory uses in all zone districts where residential dwelling units are allowed.
  - Permit transfer not permitted

# Short Term Rental Permit History



- Ordinance 19-101 (went into effect December 26, 2019)
  - Owner Occupied Short Term Rental: the property is occupied by the owner for not less than 185 days each year.
  - Non-Owner Occupied Short Term Rental:
    - Shall not be located within 500' of another non-owner occupied STR.
    - Shall not be located in a single-family zone district (R, R1-6000, R1-9000, & single-family PUDs).

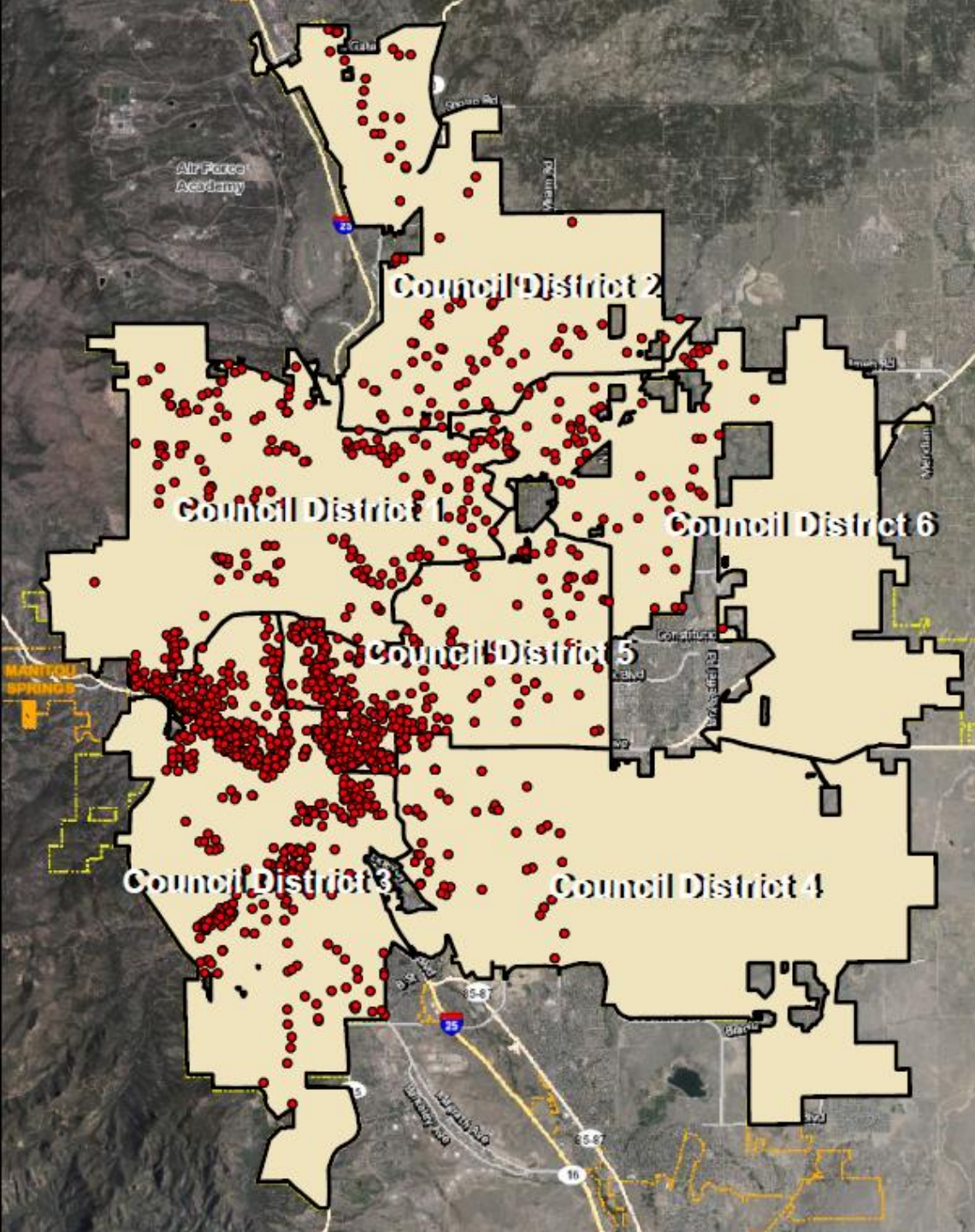
# Short Term Rental Permits



## Statistics of Issued Permits

- As of July 18, 2022 (at the time this presentation was prepared) –
  - 2,358 issued permits
  - 1,566 active permits (766 – Owner Occupied & 800 – Non-Owner Occupied)
    - 620 of those active permits are grandfathered non-owner occupied STRs and the applications were submitted prior to December 26, 2019 (Ord. No. 19-101)

# Short Term Rental Permits by City Council District



# Code Enforcement Cases



- 2019 – 560 complaints
- 2020 – 290 complaints
- 2021 – 174 complaints
- 2022 – 73 complaints (at the time this presentation was prepared)

\*The majority of these complaints are related to properties that do not have permits and owner occupied Short Term Rentals not being occupied by the owner 185+ days of the year



# Solutions to Short Term Rental Concerns



- Owner Occupancy – Ordinance No. 19-101
  - *“Owner Occupied: the property is actually occupied by the owner for not less than one hundred and eighty-five (185) days each year.”*
  - Staff has received several complaints relating to the occupancy of owner occupied STRs
  - Staff has started requesting signed and notarized affidavits with each new STR application and renewal application as well as two forms of proof of residency with each new application and each renewal application
- Title transfers – Ordinance No. 18-112
  - *“The short term rental unit permit does not run with the property, but is issued to the specific owner of the property. The permit shall expire upon sale or transfer of the property. The permit shall not be transferred or assigned to another individual, person, entity, or address but may be managed by a third party on behalf of the owner.”*
  - Staff adopted an internal policy on January 13, 2022, allowing specific title transfers with the execution of an affidavit

# Short Term Rental Ownership Transfer Interpretation and Policy



## Short Term Rental Ownership Transfer Interpretation and Policy

The Code of the City of Colorado Springs, 2001 as amended ("City Code") Section 7.5.104(B), empowers the Director of Planning and Community Development (the "Manager") to make interpretations of the Zoning Code. This policy is intended to provide guidance for uniform application of City Code and to provide notice to permit holders of the interpretation by the Manager.

### Ownership Transfers

City Code Section 7.5.1702 Short Term Rental Unit Permit Required, subparagraph (B) states:

The short term rental unit permit does not run with the property, but is issued to the specific owner of the property. The permit shall expire upon sale or transfer of the property. The permit shall not be transferred or assigned to another individual, person, entity, or address but may be managed by a third party on behalf of the owner.

To determine whether a permit has expired due to the transfer of the property, the Department will ascertain who the beneficial owner of the property is (without regard to corporate form) and whether the beneficial ownership has changed since the issuance of the permit. Therefore, for the purposes of City Code Section 7.5.1702(B), any of the following is considered a transfer of the property:

1. Addition of business entity owner(s) for a property owned by a business entity (for example, adding member(s) to an existing limited liability company);
2. Change in the current beneficiary of a trust that owns the property;
3. Upon death of the permit holder, transfer of the property to an estate or heir; provided however, no enforcement action for the transfer of the permit will be taken upon the death of the permit holder for a period of six months, unless the term of the permit expires within such six-month period, in which case the permit will not be renewed; or
4. Transfer of the property to a business entity, except as permitted below.

A business entity is any partnership, corporation, or limited liability company.



# Short Term Rental Ownership Transfer Interpretation and Policy



## **Changes in Ownership Not Considered Transfers**

1. Change in the named trustee or named remainder beneficiaries of a trust that owns the property;
2. In the event of marriage, addition of a spouse as an owner of the property or addition of a spouse as a member/owner of a business entity which owns the property;
3. In the event of divorce, removal of a former spouse as an owner of the property or removal of a former spouse as a member/owner of a business entity which owns the property;
4. Removal of the decedent's name if the property was owned by joint tenants with right of survivorship; or
5. Change in ownership of the property from natural person(s) to a business entity if the only member(s) is (are) the same natural person(s), and conversely.

## **Policy Determination**

If an applicant for a Short Term Rental Permit or renewal is a business entity, the natural person signing the application or renewal will be required to support the application with an affidavit. The affidavit must include a list of all natural persons or entities with an interest in the applicant business entity. The affidavit must contain a statement that the affiant is swearing under oath to the truthfulness of the information contained in the affidavit, the information that is being sworn to (namely, the owners of the business entity), the signature of the affiant, and an attestation of a notary public or other official authorized to administer oaths.

If owner-occupancy is required by the City Code, a property owned by a business entity will be deemed to satisfy owner occupancy if one of the business entity owners occupies the property, as defined in the City Code.

# Short Term Rental Ownership Transfer Interpretation and Policy



## City of Colorado Springs

### Short Term Rental Unit Permit Affidavit – Non-Transfer of Ownership

Under the Colorado Springs City Code § 7.5.1702, a Short Term Rental unit permit shall expire upon the sale or transfer of the subject property. However, some changes in ownership involving business entities or trusts do not constitute a transfer or sale under the City Code. To establish whether the change in ownership of a subject property is a transfer or not, a Short Term Rental unit permit holder must establish that they meet the criteria in the current Short Term Rental Ownership Transfer Interpretation and Policy.

Short Term Rental Unit Permit Number: \_\_\_\_\_

Short Term Rental Unit Permit Holder's Name: \_\_\_\_\_

Reason for Change in Ownership of Subject Property: \_\_\_\_\_

Current Owner of the Subject Property: \_\_\_\_\_

If Current Owner of Subject Property is a business entity or trust, list all natural person(s) and entities with ownership interest in the business entity, or all beneficiaries of the trust: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

Previous Owner of Subject Property: \_\_\_\_\_

If Previous Owner of Subject Property is a business entity or trust, list all natural person(s) and entities with ownership interest in the business entity, or all beneficiaries of the trust: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

# Short Term Rental Ownership Transfer Interpretation and Policy



I acknowledge that any sale or transfer of an ownership interest in a business entity, or any change in the beneficiaries of a trust, may constitute a sale or transfer causing the immediate expiration of the Short Term Rental unit permit. I agree to notify the City within three (3) days of any such change.

I understand and acknowledge that this Affidavit is a "public record" and if I make a false entry or representation in this Affidavit I do so in violation of City Code § 9.3.104 and Colorado State Statutes regarding perjury. I have carefully considered the contents of this Affidavit before signing.

By signing below, I swear under penalty of perjury that the contents of this affidavit are true to the best of my knowledge.

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Subscribed and sworn [or affirmed] before me by \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

My Commission Expires: \_\_\_\_\_

Notary Public