

COMBINED CITY COUNCIL AND PLANNING & ZONING COMMISSION WORKSHOP
Short Term Rental Ordinance
January 28, 2025

The Craig City Council and Planning & Zoning Commission of the City of Craig, County of Moffat, State of Colorado, met in the City Council Chambers, 300 West 4th Street, Craig Colorado, 81625, at the hour of 4:30 p.m. There being present: in addition to Chairperson Nichols, Commissioners Michelle Gottschall, Derek Duran, Jesse Jackson, Randy Looper, Andrea Camp, Luke Tucker, and Planning and Zoning Commissioners Mike Tucci, Tom Gilchrist, Mason Updike, Justin Jenison, and Savana Crow. Staff present were City Manager Peter Brixius, City Attorney Heather Cannon, Finance Director Mindy Elliott, City Clerk Katie Carmody, Building Official Marlin Eckhoff, and Admin Assistant Sierra Arellano.

The workshop was opened by Eckhoff introducing the topic of Short-Term Rentals (STRs). All were in a consensus that the purpose of the workshop was to set guidelines regarding registration to enable enforcement and create consequences. It was heavily stressed that public input is necessary and will be obtained before an ordinance is approved. City Council will have a public hearing for the ordinance.

To begin, Eckhoff introduced the definitions of Primary STR and Hosted STR. Discussion commenced regarding whether an Accessory Dwelling Unit (ADU) should be allowed to be a STR or not. Ultimately, it was determined that an ADU should be allowed to be a STR but each should be governed separately and treated as such. It was decided that Primary and Hosted STRs will be treated the same and obey the same regulations.

The discussion moved to what zoning districts will allow STRs. Eckhoff noted this varies greatly across the state. The largest discussion was regarding the Residential Low Density Zoning District (RLD). Eckhoff noted that the majority of our residential districts are zoned RLD and this is where the most complaints have been heard. The average occupancy rate for STRs in Colorado is 60%. Crow noted that she has an STR outside of the jurisdiction but within the state that has an occupancy rate of under 40% and has been told that is consistent for the area. With all of this information, the group came to a consensus that STRs should be allowed in all zoning districts, including RLD, but could have restrictions such as parking.

Eckhoff noted to the work group that some municipalities limit the number of STRs allowed in the entire city, certain zones, blocks, etc. Another limitation that some municipalities have utilized is limiting the percentage of the total number of homes being STRs. The group all agreed that they do not foresee the community getting inundated with STRs any time soon so a limitation is unnecessary. This could be reevaluated as time goes on if the need arises. Currently, there are 11 single-family STRs, 9 rooms at the old Taylor St Bed & Breakfast (403 Taylor St), and at least one at the Deer Valley Apartments. The current STRs are spread amongst the zoning districts with 3 in RLD, 3 in MU-2, 2 in C-2 and CD, and 1 each in RMD, RHD, and RR.

For occupancy limits per unit, Eckhoff recommended 2 individuals per bedroom plus 2 additional unless otherwise approved, noting that Grand Junction uses this model. The group agreed that this seemed like a reasonable number and asked to see the Grand Junction ordinance.

For parking, the group discussed that on-street parking has largely been a complaint with STRs. The potential for zero on-street parking in RLD was considered. After some discussion, the group came to a consensus that 1 hard surface off-street parking space per bedroom up to 4 spaces was sufficient. There was some discussion that the Commercial Downtown (CD) district would be exempt from the off-street parking requirements.

For registration and annual fees, Eckhoff noted that there is not one answer and that Colorado municipalities range across the board. Eckhoff suggest an annual application fee of \$75 with an additional \$150 per bedroom. The group felt this was fair and a simple place to start. Eckhoff inquired where the fees should be deposited as this ranged across the board as well. The group discussed the annual application fee going to the Building Department as the inspections would be completed out of that department and the bedroom fee going to the general fund.

Taxes for STRs range greatly in the state. The group ultimately felt that STRs are considered a business and should be treated in the manner of a hotel, meaning that lodging tax would be collected. The group discussed leaving taxes the way they are but requiring the applicants to show proof that their third-party listing includes all the proper taxes (city, county, state sales taxes, LMD, and lodging).

The topic of 403 Taylor St, the old Bed & Breakfast, was brought up as its own agenda point. Largely the group came to an agreement that if it is still being ran as a Bed & Breakfast and proof can be provided then a STR registration would not be required. If they cannot show proof, then they must comply with the STR regulations.

Some general regulations were discussed including not needing a point of contact within an hour of the property, HOAs superseding the STR ordinance, making it unlawful for a booking agent to advertise an unregistered STR, an initial inspection and potential annual sign-off being required. It was discussed that current STRs will need to become registered. Enforcement will require administrative checks of third-party sites, outlining penalties, regulation of complaints and coordination with the Police Department.

Chairperson Nichols called for the next steps from Eckhoff which include drafting an ordinance that will be presented to the Planning & Zoning Commission. During the drafting process and prior to the ordinance going to City Council for final approval, public input will be sought. Multiple ways of input were discussed such as using focus groups with current STR owners and involved citizens. Following public input and revisions, the Commission would give their recommendation to Council. Council would proceed through the readings of the ordinance and suggest any changes until final approval.