

## Short-Term Rental – Ordinance Summary

The ordinance to allow short-term rentals in Thornton requires the addition of two new City Code sections (Sections 18-54 and 18-174) and amendments to several others. The primary regulatory provisions proposed include those described below, but there are other requirements in the ordinance as well. [Note: The term “short-term rental” is abbreviated as “STR” in this summary.]

1. STR license required: The license provides a mechanism for specifying operational requirements and associated enforcement mechanisms. Licenses are valid for one year, are nontransferable, and may be renewed subject to review of any enforcement actions during the license term. The annual licensing fee, yet to be determined, will help to offset the cost of monitoring and enforcement efforts. Renewal applications must be submitted 30 days prior to the license expiration or will be subject to a late fee; renewal applications will not be accepted less than seven days prior to the license expiration date, in which case a new license application is required.
2. Primary residence, owners only: Property owners can operate the home where they live for at least 50 percent of the year as an STR. The operation of an STR is accessory to the use of a home as a primary residence. Tenants leasing a property for an extended period could not operate an STR, and renting a property that is not the licensee’s primary residence (i.e. investment properties) is not allowed.
3. Single-family dwellings only: Single-family attached and detached dwellings can be used for STRs. Owners could rent a portion of the home or the entire dwelling as an STR. Accessory dwelling units may also be rented, but only when no portion of the main home is used as an STR.
4. Business license and tax collection: STRs are considered home-based businesses and therefore a business license is required. Licensees must collect lodger’s tax for any rentals at their property and remit the tax to the City.
5. License number in all advertisements: Inclusion of the license number in all advertisements assists with identifying STRs operating in Thornton for auditing and enforcement purposes.
6. One license and one booking at a time: Owners are limited to one STR license per property, even if they have multiple spaces available for rent. Similarly, licensees cannot rent portions of their available space to separate groups, such as renting individual bedrooms to different guests. The space to be rented will be specified on the STR license application.
7. Maximum occupancy: The maximum overnight occupancy is limited to two persons per legal conforming bedroom, plus two additional persons (in the event of a sleeper sofa or similar). Ten additional occupants are allowed during the day. STRs cannot be used or marketed as a commercial wedding or party venue.
8. Homeowners’ association (HOA) notification: STR license applicants must notify their HOA of their intent to operate an STR. Self-certification of compliance with this provision is required as part of the application.
9. Insurance requirements: STR licensees must carry a minimum of \$1 million worth of liability insurance, either through an additional policy or rider or by conducting all STR transactions using a platform that provides the same amount of coverage. Self-certification of compliance with this provision is required as part of the application.
10. Safety requirements: Smoke detectors, at least one carbon monoxide detector, and at least one fire extinguisher are required on the premises. All must be installed properly and be operable. The STR cannot be rented when construction or repairs are occurring on-site that could affect the

safety of guests. Self-certification of compliance with this provision is required as part of the application.

11. Local emergency contact: Since the owner may not be present when an STR is rented, a local contact must be able to respond to the location within 60 minutes to address urgent issues.
12. General rules and information: Each STR must conspicuously provide the following information: the STR license number; contact information for the owner and/or local emergency contact; maximum occupancy; the location of trash receptacles and the process for trash collection and container storage; the City's noise regulations; any authorized areas for legal marijuana use; and any other general behavior expectations. Renters must comply with applicable parking regulations.
13. Enforcement processes: The ordinance includes a violation notification process, as well as processes for the suspension or revocation of a license. No specific on-site inspections are required, but the ordinance provides a mechanism for entry of the property if a public health or safety issue is identified. The licensee may request a hearing to review the enforcement action. The STR enforcement processes do not preclude enforcement actions pertaining to other City Code violations. The criteria for suspension, revocation, or denial of a license are summarized below:
  - *Suspension*: Immediate suspension of an STR license for up to 14 days is authorized if it is necessary for the protection of the public health, safety, or welfare. Otherwise, suspension may occur if a licensee fails to correct a violation after being issued a notice for:
    - o Failure to comply with the terms or conditions of the license;
    - o Operating a STR without a license;
    - o Failure to pay civil penalties, fines, or taxes; or
    - o Any other violation of law.If the license were suspended in two consecutive years, the licensee would be ineligible to operate an STR in Thornton for five years from the effective date of the second suspension.
  - *Revocation*: The ordinance requires an STR license to be revoked if it is determined that the licensee has committed fraud, intentional material misrepresentation, or intentional false statement related to the license or any license application. If a license is revoked, the licensee is ineligible to apply for a new STR license for two years from the date of revocation.
  - *Denial*: An initial STR application may be denied if any of the causes for suspension or revocation are present. The ordinance requires that an STR license renewal application be denied if the licensee has received four or more notices of violation during the prior license term. Additionally, if the license was previously suspended for a violation and that violation has not been corrected, the license must be denied.

### **Additional Related Amendments**

In addition to the two new City Code sections, several other related amendments are required:

- A. Section 18-160, Use chart: "Short-term rental" has been added as a new accessory land use.
- B. Section 18-167, Home occupation: Language has been added to clarify that short-term rentals are allowed as home occupations for single-family detached, single-family attached, and accessory dwelling units only.

Short-Term Rental Ordinance Summary

As of February 20, 2020

PAGE 3

- C. Section 18-173, Accessory dwelling unit: The provision requiring accessory dwelling units to use the same utility connections as the primary residence has been removed. Clarification has been added that a short-term rental is an acceptable home occupation in the accessory dwelling unit.
- D. Section 18-596, Off-street parking and loading requirements chart: “Short-term rental” has been added to the chart for reference, although no additional parking or loading areas are required.
- E. Section 18-901, Definitions: The definition of “short-term rental” has been added.