

City seeks input on draft short-term rental regulations

Cap on licenses proposed to limit growth

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As the City of Gunnison continues to look for ways to mitigate the housing crisis, administrators are staying a step ahead by developing regulations to prevent short-term rentals (STR) from growing into the sort of problem seen in other communities. STRs can exacerbate housing shortages by removing units from the inventory of available homes for sale or rent.

Over the past year, city council and staff, along with Williford LLC, the Gunnison Valley Regional Housing Authority and the Planning and Zoning Commission, have worked to refine a set of policy changes that will regulate the growth of STR units within city limits. Community Development Director Anton Sinkewich presented a set of draft regulations to the public during an open house on June 2, requesting feedback from the community. The tightened regulations include a numeric cap on the number STRs within the city and permitting only one vacation rental for applicants for whom Gunnison is their non-primary residence.

“We want to talk about implementing a regulatory framework for short term rentals before it becomes a problem because, as we’ve seen throughout the nation, or even in other jurisdictions here in the valley, once things get out of control, you can’t really get the genie back in the bottle,” Sinkewich said.

Although there are benefits to short-term rental properties, including serving as an income opportunity for residents and spreading tourist dollars beyond typical visitation areas, it does have its cons, Sinkewich said. In many cases, STRs compete with established hotels, take long-term rentals off the market by incentivizing property owners to keep rooms vacant and create dark neighborhoods.

In Gunnison, all STR units must be licensed with the finance department, where applicable hotel and sales taxes are collected. Sinkewich said approximately 31 STRs currently exist within city limits.

Under the draft regulations, community members would be allowed to rent their primary residences short-term, as well as accessory dwelling units — a proposed change to the land development code. STR hosts will need to show proof of residence on at least three of the following documents: vehicle registration, drivers license, voter registration or a utility bill. In addition to obtaining a license from the city, STR owners would be

issued a unique license number that must be included in all listings and advertisements for the property.

The city is also proposing that applicants must own a property for a minimum of two years before applying for a vacation rental license if it is their non-primary residence. A local responsible party will be required to address complaints and must be named in any short-term rental license application. Non-primary residents will only be allowed to apply for one short-term rental license.

“I think that’s really positive for preserving neighborhoods and preserving housing to be sold to people that are going to live in them or rent them long term,” said Dave Holt, a Gunnison resident who has a short-term rental on his property.

Staff recommended limiting the number of STRs to 2.5% of the total number of free market residents units within the city, a number they may continue to adjust. The percentage amounts to approximately 70 short-term rental units, more than doubling what presently exists in the city. Sinkewich said the cap would still allow for significant growth in this market, instead of “shutting it down.”

Gunnison resident Dusty Sylvanson said this number may still be a moving target.

“With the idea of Gunnison Rising and that development and growth, I’d hate to see that turn into a big dark neighborhood,” he said.

Pamela Williams, owner of Island Acres Motel, said her seasonal business has been dealing with the impacts of short-term rentals for 10 years. During their first three weeks open this year, the hotel was at only 40% of the occupancy it had in 2018. She recognized that she could make more money if she converted her long-term rental into an STR. She also noted the tax disparity between residential and commercial properties.

“As a commercial property I pay an exorbitant amount for insurance,” Williams said. “I pay extra utilities, I pay five times the property tax of a residential property and yet we are being harmed by this.”

Planning and Zoning Commission member Jeff Taylor said it’s a problem they are seeing across similar towns like Salida and Carbondale, as well as across the state.

“Colorado made a devil’s bargain when it back loaded its property taxes onto commercial properties,” Taylor said. “Residential property owners love it and have no intention of changing ... it’s unsurprising that Colorado has become a haven for short-term rentals, because of the way it back loaded its property taxes.”

City staff plan to review the draft regulations and public input with the commission before beginning to amend the land development code.