



MEMO TO: Mayor Vandernail and the Board of Trustees
FROM: Michael Brack, Assistant Town Manager
DATE: July 6, 2022
SUBJECT: Short-Term Registration Fees and Enforcement

MATTER BEFORE BOARD:

Consideration to increase short-term registration fees, reflect the number of bedrooms associated with a property, and implement administrative enforcement.

BACKGROUND:

On October 18, 2017, an ordinance was passed adopting short term registration fees were which required a \$150 fee per year for any property regardless of its size, type, and number of bedrooms in addition to a \$40 business license fee for each property to legally rent out their unit on a short-term basis. Short term rentals are defined in the Town's code as any rental of a residential dwelling or portion thereof for less than 30 days for residential purposes. Currently, there are currently about 250 properties registered as a short-term rental within Fraser town limits.

Below shows what other municipalities are charging for short term rental registration fees.

Grand County, Colorado

- The county charges \$25.00 per occupant based on the maximum advertised occupancy for the STR.

Town of Granby

Fees based on bedroom counts:

- One bedroom or studio \$200.00
- Two Bedrooms \$300.00
- Three or more bedrooms \$400.00
- Plus \$100.00 application fee on all

Town of Grand Lake

- Flat rate of \$600.00 annually

Town of Winter Park

- Flat rate of \$150.00 annually

Town of Breckenridge

- STR Application Fee: \$175
- STR Permit Fee: \$400 per bedroom

Town of Durango

- STR Permit Fee: \$750 flat fee

Town of Crested Butte

- \$750 flat fee for each short-term rental property
- Short term rental licenses require 2 years paid at a time

Town of Fraser (Proposed in Ordinance No. 488)

- Short-Term Rental Application Fee \$150 (Current Fee)
- Short-Term Rental Permit Fee \$350 per bedroom according to the property assessor plus ever additional sleeping area with a bed (not including sofas) will be counted as an additional bedroom. Studios are counted as one bedroom.

Based on previous workshops with the Fraser Board of Trustees, the \$350 per bedroom STR permit fee and \$150 STR application fee meet the financial goals to offset impacts of STRs in the Fraser community. The STR application fee will continue to be used for administrative costs for the STR software, administration, and enforcement of the program. The STR permit fees will be allocated to the Fraser Housing Authority Fund for affordable housing initiatives and programs as approved by the Fraser Housing Authority.

FINANCIAL IMPACT:

Project Annual Revenues and Uses (2023)

2023 STR Application Fees: $\$150 \times 275 \text{ STRs} = \$41,250$

- STR Software (\$20,000 annually)
- Administration and Enforcement

2023 STR Permit Fees: $\$350 \times 2.5 \text{ Bedrooms (Average)} \times 300 \text{ STRs} = \$262,500$

- Plant Investment Fees for Affordable Housing
- Deed Restriction Program
- Land Acquisition
- Affordable Housing Development
- Public/Private Partnerships

Currently, no administrative penalties exist for failure to either register or renew their short-term registration for a property owner but defaults to the Town's general penalty for violation which creates challenges regarding enforcement. Grand County charges the following fines if a property owner fails to register their property as a short-term rental. This fine structure is recommended by Town staff to be adopted by Fraser and included in Ordinance No. 488 with

10 business day periods between each violation. Currently, about 20% of short-term rental properties are not in compliance with current Fraser short-term rental regulations.

1st Violation – Warning

2nd Violation – \$500

3rd Violation – \$1000

4th Violation – UPON THE FOURTH VIOLATION, THE SHORT TERM RENTAL PERMIT MAY BE REVOKED OR SUSPENDED FOR A PERIOD OF ONE (1) YEAR.

RECOMMENDATION:

Short-term rentals in Fraser have positive impacts to the local economy but does create challenges with regards to both workforce and affordable housing. Approving Ordinance No. 488 provides a revenue stream to affordable housing initiatives with a reasonable approach based on what other municipalities charge. While the proposed fee structure is higher than others, we have had discussions with several other communities that are currently looking to increase their registration fees due to the impacts of workforce housing. Staff recommends approval of Ordinance No. 488 to increase fees associated with short term registrations.

Town of Fraser

PO Box 370, Fraser, CO 80442 office 970-726-5491 fax 970-726-5518

www.frasercolorado.com