

# DISCUSSION/DIRECTION: SHORT-TERM RENTALS

FEBRUARY 18, 2020  
TOWN COUNCIL



# WHAT IS A SHORT-TERM RENTAL?

- Generally defined by stays of 30 days or less
- Increased popularity over the last decade with surge in popularity of listing service Airbnb; VRBO is also popular
- Three basic types of rentals:
  1. Shared accommodations – resident remains on site with guest(s)
  2. Unhosted sharing – resident vacates so unit can be used by guest(s)
  3. Dedicated rental – no primary resident
- There appear to be about 120 Airbnb listings and 25 VRBO listings across Castle Rock – these numbers are inexact

# TAX ISSUES

- Listing services display “occupancy taxes and fees” (Airbnb) and “lodging tax” (VRBO) on properties within Castle Rock; however, neither service remits taxes to the Town
- Airbnb executes “Voluntary Collection Agreements” with municipalities, but the Town does not have one in place; cities have had challenges collecting revenues from them
- The Town receives limited sales tax revenue from a handful of “hosts” who have obtained a Town business license
- The Town’s 4% general sales tax is applicable to short-term rentals; any future lodging tax would be applicable, as well

# REGULATORY ISSUES

- Numerous Colorado municipalities have chosen to restrict or regulate short-term rentals.
- Castle Pines, Highlands Ranch and Parker prohibit the rentals; Lone Tree does not regulate them nor require specific licenses – business licenses are still required
- Town Code is silent on the issue, so they are presumed allowed in Castle Rock where not restricted by HOA rules (see below). A Town business license is required.
  - Founders Village and The Meadows: rentals less than one month not allowed
  - Terrain: rentals less than six months not allowed
- Numerous companies in the marketplace contract with cities to monitor listings, verify compliance and collect complaints



# PROS AND CONS

## PROS

- Provide supplementary income to community members
- Can increase tourism spending and tax dollars within the local economy

## CONS

- Concerns generally relate to noise, parking, trash and transient occupants

The rentals have been found to provide low direct competition for hotels.



# DISCUSSION/DIRECTION?