

**TOWN OF GRANBY
BOARD OF TRUSTEES
ORDINANCE NO. 990**

**AN ORDINANCE AMENDING THE GRANBY MUNICIPAL CODE BY ADDING
SECTION 3.30.090 ESTABLISHING AN ANNUAL SHORT-TERM RENTAL UNIT
WORKFORCE HOUSING REGULATORY LINKAGE FEE AND AMENDING
CHAPTER 5.20**

WHEREAS, the Board of Trustees of the Town of Granby, Colorado, pursuant to Colorado statute is vested with the authority of administering the affairs of the Town of Granby, Colorado; and

WHEREAS, in order to protect the health, safety and welfare of the citizens and visitors of the Town of Granby and promote orderly and responsible development within the Town's limits, the Board of Trustees finds it appropriate and necessary to add Section 3.30.090 to the Granby Municipal Code establishing a short-term rental unit workforce housing regulatory linkage fee; and

WHEREAS, the Board of Trustees desires to create a comprehensive short-term rental regulatory scheme that will establish an equitable balance between the short-term rental industry and the local community; and

WHEREAS, in order to establish such equitable means, the Board of Trustees retained Economic & Planning Systems, Inc. who after research and analysis provided and presented to the Board of Trustees the STR Conditions and Regulatory Fee Study (the "Study") on June 13, 2023; and

WHEREAS, the Study demonstrates that the continued operation of short-term rental accommodation units has a detrimental impact on the availability of workforce housing within the Town, and quantifies the impact, as well as the funds required to address the impact at \$1,120.00 per STR studio or bedroom per year; and

WHEREAS, the Study further demonstrates that the continued operation of short-term rentals will cause the Town to incur costs of addressing workforce housing needs and that short-term rental permittees rely on a sustained local workforce, which is essential not only to the short-term rental operations directly but the tourism-based portion of the Town's economy as a whole, on which short-term rental operations depend; and

WHEREAS, a fee is therefore appropriate both as a service to short-term rental permittees to sustain a local workforce to their benefit, and also as part of a comprehensive regulatory program to defray the reasonable direct costs of short-term rentals on workforce housing and the Town's workforce housing efforts, and

WHEREAS, the Board of Trustees desires to establish a short-term rental workforce housing regulatory linkage fee ("the fee") collected as part of the fee for a short-term rental permit and apply the fee revenues to its workforce housing program and efforts; and

WHEREAS, based on the Study’s conclusions, the fee will bear a reasonable relationship to the impact to the Town of permitting the continued operation of short-term rentals; and

WHEREAS, the fee is not designed to, and will not, defray the general expenses of Town government, but rather is a charge imposed for the purpose of defraying a portion of the costs of the Town workforce housing services and programs and all fees will support only such services and programs; and

WHEREAS, the implementation of the fee is consistent with the determination of the Colorado Supreme Court in *Colorado Union of Taxpayers Foundation v. City of Aspen*, 418 P.3d 506 (Colo. 2018), that a charge is not a tax if the primary purpose of the charge is not to raise revenue for general governmental purposes, but is instead to defray some of the costs of regulating an activity under a comprehensive regulatory scheme. The charges imposed by the Town under the proposed code revisions are fees, not taxes, because the charges are collected from each short-term rental permittee for the primary purpose of defraying the costs and mitigating the impact caused by the short-term rental, the charges are in an amount reasonably related to the impacts caused by the activity of short-term renting and the amount expended by the Town or needed to be expended by the Town to mitigate that impact, and the charge is collected and expended for the benefit of the payer.

NOW THEREFORE BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF GRANBY, COLORADO, THAT:

1. The Granby Municipal Code is hereby amended by adding Section 3.30.090 to read in its entirety as provided on Exhibit A, attached hereto.
2. The Granby Municipal Code is hereby amended by revising Section 5.20.050 to read as follows, by deleting the strikethrough text and adding the underlined text:

5.20.050 Fee schedule and permit

(a) The annual permit fee shall be set as provided in GMC 3.30.090. ~~per year per unit:~~

~~(1) One bedroom or studio: \$200.00.~~

~~(2) Two bedrooms: \$300.00.~~

~~(3) Three bedrooms: \$400.00.~~

~~(4) Four or more bedrooms: \$500.00.~~

~~For the purpose of calculating the permit fee and density, lofts are considered a bedroom.~~

(b) The permit application fee is a one-time payment of \$100.00. The purpose of the fee is to finance the cost of administering and ~~monitoring compliance of terms, conditions and requirements for short-term rental applications~~ operations.

(c) The permit must be posted within the short-term rental property within 10 days of final approval.

(d) The permit number must be included in all advertisements.

3. The Granby Municipal Code is hereby amended by adding Section 5.20.090(q) to read in its entirety as follows:

“(q) Prior to renewal of a short-term rental permit, the owner of each short-term rental unit or the owner’s designee shall, provide, or cause to be provided, to the Town a report detailing by address the amount of total revenue and corresponding sales and use taxes that were generated from the short-term renting of the property during the preceding year, identified by address and unit number, if applicable. It shall satisfy this requirement if the owner submits to the Town any sales tax returns, including any amendments thereto, submitted to a taxing authority reflecting the amount of total revenue and sales tax generated from, or reported to be associated with, the property. No renewal of a permit shall be granted unless the applicant has provided the Town with the written report required of this subsection.”

4. **Severability.** If any article, section, paragraph, sentence, clause, or phrase of this Ordinance is held to be unconstitutional or invalid for any reason such decision shall not affect the validity or constitutionality of the remaining portions of this Ordinance. The Board of Trustees hereby declares that it would have passed this Ordinance and each part hereof irrespective of the fact that any one part or parts are declared unconstitutional or otherwise invalid.

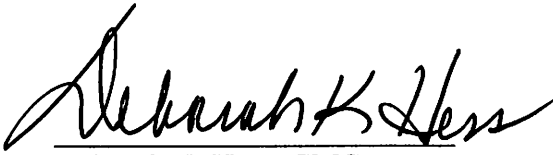
5. **Repeal.** All ordinances or parts of ordinances inconsistent with the provisions of this Ordinance are hereby repealed, except that this repeal shall not affect or prevent the prosecution or punishment of any person for any act done or committed in violation of any ordinance hereby repealed prior to the taking effect of this Ordinance. Except as specifically amended by this ordinance, all other provisions of the Granby Town Code shall remain in full force and effect.

INTRODUCED, PASSED AND ADOPTED AT A REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE TOWN OF GRANBY THIS 26TH DAY OF SEPTEMBER, 2023.

Votes Approving:	<u>5</u>
Votes Opposed:	<u>0</u>
Absent:	<u>1</u>
Abstained:	<u>0</u>

ATTEST:

**BOARD OF TRUSTEES OF THE
TOWN OF GRANBY, COLORADO**



Deborah K. Hess, CMC
Town Clerk

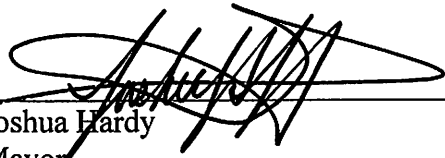
By: 
Joshua Hardy
Mayor



EXHIBIT A

3.30.090 ANNUAL SHORT-TERM RENTAL WORKFORCE HOUSING REGULATORY LINKAGE FEE

- (a) The annual permit fee to secure a short-term rental permit as referenced in GMC Chapter 5.20 shall consist of a short-term rental workforce housing regulatory linkage fee beginning with the 2024 permitting year. The initial amount of the fee shall be \$1120.00 multiplied by the current mitigation rate annually per studio and/or per bedroom in any short-term rental unit. No short-term rental permit shall be issued or renewed pursuant to GMC Chapter 5.20 until the annual fee has been paid. The Mitigation Rate shall be 65% for the year commencing January 1, 2024, and may be set by a resolution of the board of trustees for each subsequent year on or before January 1 of that year.
- (b) In addition to resetting the Mitigation Rate, the board of trustees may adjust the amount of the annual permit fee annually for inflation as calculated by the town treasurer. The adjustment shall be based upon the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver/Boulder, all items, all urban consumers, or its successor index, or an equivalent index applicable to Granby, as determined in the sole discretion of the board of trustees. The town clerk shall post notice of the new amount of the short-term rental workforce housing regulatory linkage fee each year on the town's website and at the town hall located at Zero Jasper Avenue, Granby, Colorado 80446, prior to accepting payment of the permit fee for short-term rentals for the following permitting year, and in no case later than January 1 of the year for which the permit will apply.
- (c) The short-term rental permittee may pass the expected per-rental-night costs of the fee to its customers on a nightly basis by inclusion of a surcharge in the customer's bill.
- (d) All revenues from the annual permit fee shall be deposited in the workforce housing fund as described in subsection 3.30.090(e). The revenues from the annual permit fee shall be expended only to defray the reasonable direct and indirect costs of the following:
 - (1) the town's workforce housing programs and policies, which may include but are not limited to acquisition of housing units, construction of new units, purchase of deed restrictions on existing units, mortgage buydowns, rent assistance programs, and land purchase for workforce housing; and
 - (2) to defray the costs to the town, including but not limited to, staff and personnel required for the administration and enforcement of the regulation of short-term rental units.
- (e) The town treasurer shall maintain the workforce housing fund and shall track and account for revenues and expenditures to the fund separately from all other revenues and expenditures of the town. All of the revenues generated from the annual permit fee described in this section shall be deposited directly into the fund without passing through any other town fund. The monies in the workforce housing account shall not be used for general municipal or governmental purposes or spending. Nor shall the fund ever be transferred to or become part of the town's general fund.
- (f) As used in this Section, "workforce" shall mean persons whose primary place of employment is in Grand County, Colorado and whose annual household incomes do not exceed 180% of the area median income as published annually by the U.S. Department of Housing and Urban Development.