

MINUTES
Town of Crested Butte
Special Town Council Meeting
Wednesday, February 15, 2017
Council Chambers, Crested Butte Town Hall

Mayor Pro Tem Mason called the meeting to order at 6:03PM.

Council Members Present: Jim Schmidt, Jackson Petito, Chris Ladoulis, and Paul Merck

Staff Present: Town Manager Dara MacDonald, Town Attorney John Belkin, Building and Zoning Director Bob Gillie, Planning Director Michael Yerman, and Town Clerk Lynelle Stanford

APPROVAL OF THE AGENDA

Schmidt moved and Ladoulis seconded a motion to approve the agenda. A roll call vote was taken with all voting, "Yes." **Motion passed unanimously.**

A. Discussion and Possible Action Regarding Limiting Vacation Rentals.

Mason intended to clarify any questions on Ordinance No. 12, the ordinance that was passed at the last meeting, and he explained how discussion at the meeting would be handled. He explained the recusals of Michel and Mitchell and the reason Merck had not recused himself. MacDonald stated that Ordinance No. 12 set a regime for licensing vacation rentals (VRs). There was a discussion around 29 or 30 days (in the definition of vacation rental) and inconsistencies with sales tax and the green and white zones (reflected on the map in the packet).

Mason brought the Council's attention to the staff report and the negative impacts and opportunities that were considered. He identified the purpose of the meeting and the possible outcomes. MacDonald reviewed the negative impacts of VRs listed in the staff report. Conversely, Staff looked at opportunities VRs may provide, and MacDonald reviewed the points from the staff report.

Mason recognized the conversation had been ongoing. He thought the discussion could focus on the limits. Schmidt asked if the non-conforming BOLT licenses in the white zone would be grandfathered. MacDonald recommended that if Council wanted to desist the use, they should let them run out through 2017. Belkin agreed the properties in the white zone should not be cut off until the end of the cycle.

Petito explained the origination of the ordinance included in the packet, referred to as the Petito ordinance. He wanted to show the wording in the ordinance if they limited VRs, and it was a jumping off point for discussion. Mason asked Belkin to clear up the issue of primary residence. Belkin stated Crested Butte's zoning was different. Denver had a different launching point and different concerns from the constituency.

Mason wanted to determine if there was Council consensus to put forth more restrictions on VRs. Ladoulis thought the question of usage was fundamental. He wondered if there were a point in which it changed from residential to commercial use and if there was something in the classification that would allow Town to control it. Merck cited Telluride and people that needed to sell properties due to the inability to rent. He didn't like the idea of creating winners and losers. He thought it could be righted by itself. Mason asked if Council wanted to further discuss limiting by zones. Petito saw that if there were potential for profit, within a certain amount of time, people would move in to make the profit. He had an argument in favor of restricting. Gillie reminded the Council that there were already 213 unlimited short-term rentals (STRs), and they were starting at 23% of non-deed restricted housing stock in Town.

Steve Ryan - 75 Escalante

- Cited a court case in Colorado in which the Court of Appeals ruled that a STR was considered a residential use.
- Questioned the 100-foot notification in Ordinance No. 12. He thought it would tear apart the fabric of Town, and it was an unintended consequence of the ordinance.
- He stated the recommendation from the STR committee, limiting to a maximum of 60 days a year, was taken out of context.

Susan Eskew - 201 Gothic

- She had great short-term guests.
- They were missing the big picture.
- VRBO made the difference for her to keep her property.
- The middle class was holding on by their fingernails.

Scott Truex - 219 Gothic

- He wanted to address zoning.
- He didn't think it was good to open up short-term renting in the high-density zones.
- There were natural restrictions in the current zoning, and Staff could address in order to solve.

Mary Ellis - 122B Sopris

- She suggested they limit STRs to primary residences.
- The percentage cap on STRs would be better than a limit on the number of days.

Alan Bernholtz - 416 Sopris

- A license in the B1 Zone was not allowed, but it wasn't an ideal place for long-term rentals.
- B1 would be a great zone for STRs.

Jim Starr - 323 Gothic

- He referred to the pie charts in the packet.

- Town was losing people who lived here to STRs.
- He thought the options for limiting included in the packet were illuminating.
- The legal threat was the elephant in the room.
- He supported limiting the number of houses that could short-term rent.
- The community would stand behind them if they picked a low number for the limit.
- They were losing quality of life during busy times.
- He suggested they cap the number of non-resident STRs.
- Don't cap the number of residents that could rent their homes.
- Start low and collect data. The number could be moved higher in the future.
- Don't allow any more STR licenses in the areas where they were not allowed.

Holly Harmon - 103 Maroon

- Important to acknowledge a local homeowner versus someone who purchased a home to create a business in a residential area.
- Enforce the rules on the book.
- It was a workforce and safety issue.
- The infrastructure was not there.
- The problem was clear and defined that they were losing the community.

Mindy Sturm

- Her struggles have made a community.
- They put tax dollars towards prosperity and now they were saying they didn't want them.
- She wanted to know about enforcement.
- She thought it was bad legislation.
- Zoning was thrown out the window because Town hadn't enforced it.
- She didn't think there was a problem to solve.
- Limiting STRs would not stop the value of Town.
- Be 100% sure it was not illegal. She didn't think Town could afford it.
- Focus on housing solutions for the workforce.
- The economy would correct itself.

Sue Navy - 324 Gothic

- She had a property right, too, and she didn't want to see her neighborhood as a de facto commercial zone.
- Put limits in the R Zone that favored primary residents.
- Cap the number of licenses on investment properties.
- She didn't see a shortage of people to support businesses.
- She was not likely to sue Town because she loved her Town.

Tom Barry - 713 Maroon

- He asked about the areas in the green zone and if they were untouchable forever. MacDonald explained non-conforming and how it was addressed in the Code.

- He had given up all hope of buying a house in Town, but he loved renting in Town.
- There had to be some way to put long-term rentals and short-term rentals on an equal playing field.
- He mentioned a wedding that had occurred in his neighborhood.

Mason closed the meeting to public comment.

Merck didn't think a limitation addressed long-term housing. He agreed with comments made by Sturm, Navy, and Starr. There had been a paradigm shift, and health and public safety were paramount. He wasn't a fan of more restrictions. Ladoulis suggested that they didn't need to put so much credence into the status quo. He wanted to talk about areas they could impact. They needed to do something to anticipate how people used residential zones. Mason asked how they would limit the massive number of STRs in the green zone if they started to open up to renting in the white zone.

The discussion turned towards zoning. Mason thought they had to go back to how many STRs they wanted to see. As they opened up zones, the number of STRs would increase. Mason didn't think there was an issue with the number of STRs that were in Town. They promoted Crested Butte and tried to bring people to Town. He thought Town was in the best shape ever. He wanted to see opening up zoning and allowing some rentals in the R4 Zone. Schmidt opined he did not like tiny homes, but Town had done a lot of good work towards housing. No one on the STR committee thought they would solve the long-term housing problem. He was conflicted. He did not like the limitation on number of days. He was more in favor of tweaking the existing zoning. Mason summarized that he heard from Schmidt he wanted to maintain the existing zoning, but he wanted to look at B4 and B1 to consider grandfathering them in and allowing the existing STRs in the white zone to continue short-term renting. Petito identified the problem was a Town without residents. He loved the idea of people short-term renting, allowing them to stay in Town. It was important to keep voters in the Town. He would be open to allowing licenses in the white zone for primary residences, and he wanted to see a percentage cap in the green zone that could be reached through attrition.

Belkin affirmed they had the full toolbox for the white zone. Ladoulis would be comfortable re-visiting the B Zones and enforcing the current zones in the white area. He didn't like the mechanism for a quota as much as a day cap. Mason reviewed that they were looking at maintaining the existing zoning and addressing B1 and B4 Zones, at restricting to primary residents in the white zone, and at the green zone with grandfathering them in and allowing them to re-apply. He wanted to see more information on the primary residence piece. Ladoulis thought it seemed easier to address the white area and then secondly the green area, and he wanted to give clear direction concerning the white area. He was open to considering B1 and B4, but he would rather see R4 as it was. Petito suggested a year of non-use be allowed before a property would become non-conforming (in the white area). Mason asked the Council if they were agreeable to opening up to short-term renting in the B1 and B4 Zones, and no one on the Council voiced disagreement.

Next, MacDonald reminded the Council that the way the ordinance was written, a STR license was not transferable. Ladoulis had the idea that residents who were short-term renting in the white zone could be allowed to continue. Mason said they wanted to protect the existing locals, preventing them from being forced to sell. MacDonald summarized what she heard from the discussion: it was okay for existing BOLT licenses in white zones to continue indefinitely as long as the use continued at least once a year; the licenses would not be transferable; and add B1 and B4 to the green zone. Gillie cited the issue of parking in B1 and concern there was a conflict of uses. MacDonald reiterated the direction she heard was for Staff to draft a document that would add B1 and B4 to the green zone, bring back information on long-term units lost in those zones, and draft a document indicating that BOLT licenses could continue indefinitely in the white zones as long as they rented at least once per year.

Schmidt's opinion on the primary residence issue was if they put a percentage limitation in the green zone, he would want to exempt primary owners. Belkin offered a memo regarding the primary residence question. Mason clarified they wanted to know what they could do in the white zones with primary residences and what they could do in the green zones with primary residences. Gillie informed them they would have to define primary residence. MacDonald questioned the goal they were trying to achieve. Mason wanted to determine if they could use primary residence or exempt primary residence from any cap they implemented. MacDonald asked about the timing of potential ordinances. Mason wanted to deal with each issue individually, and they could be rolled into one ordinance. MacDonald said further discussion on the direction received by Staff would be on the agenda for March 6.

ADJOURNMENT

Mayor Pro Tem Mason adjourned the meeting at 8:45PM.



Roland Mason, Mayor Pro Tem



Lynelle Stanford, Town Clerk

(SEAL)

