

STUDY SESSION AGENDA
CITY COUNCIL
CITY OF WHEAT RIDGE, COLORADO
November 2, 2020
6:30 p.m.

**This meeting will be conducted as a VIRTUAL MEETING.
No members of the Council or City staff will be physically present at the Municipal building for this meeting; the public may not attend in person. The public may participate in these ways:**

1. Provide comment in advance at www.wheatridgespeaks.org (comment by noon on November 2, 2020)
2. Virtually attend and participate in the meeting through a device or phone:
 - [Click here to join and provide public comment](#)
 - Or call +1-669-900-6833 with Access Code: 995 4964 7793
3. View the meeting live or later at www.wheatridgespeaks.org, Channel 8, or YouTube Live at <https://www.ci.wheatridge.co.us/view>

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Citizen Comment on Agenda Items

1. Master plan for existing SCL/Lutheran Hospital campus
2. Short-term rental ordinance
3. Staff Report(s)
4. Elected Officials' Report(s)

ADJOURNMENT

Memorandum

TO: City Council and Mayor

THROUGH: Patrick Goff, City Manager 

FROM: Lauren Mikulak, Planning Manager
Ken Johnstone, Community Development Director

DATE: October 22, 2020 (for the November 2 Study Session)

SUBJECT: Lutheran Campus Master Plan

PURPOSE

The purpose of this study session is to provide Council with an update on SCL Health's plans for the existing Lutheran Medical Center campus and to seek consensus on a master planning effort for the campus.

BACKGROUND

Existing Conditions

SCL Health currently owns and operates the Lutheran Medical Center (LMC) at 8300 W. 38th Avenue. The campus is 100 acres in size extending between W. 32nd Avenue and W. 38th Avenue, and between Allison and Dudley. While there are no public rights-of-way within the property, this area is roughly equivalent to the size of 12 city blocks.

Medical uses on the property significantly pre-date the City. The site began as the Evangelical Lutheran Sanitarium in 1905 with numerous tents erected for the treatment of tuberculosis patients. In 1961, Lutheran Hospital opened as a non-profit general medical facility. In the 1970s, the site became known as the Lutheran Medical Center, and services continued to expand with construction of new buildings, including the six-story tower in 1973. In 1998, LMC became part of Exempla Healthcare; and in 2010, Exempla joined Sisters of Charity of Leavenworth (SCL). The Lutheran campus is centrally located in Wheat Ridge and is one of the City's largest employer with 2,000 associates, 900 physicians, and 600 volunteers.

The site is currently zoned Planned Hospital District (PHD), and permitted uses include only hospitals, hospice care, and accessory uses customarily associated with a medical campus. The City's comprehensive plan, Envision Wheat Ridge, designates the campus as a public land use noting that public uses, including the hospital, will "remain as community and neighborhood anchors." The plan also designates the site for primary employment. These designations reflect the well-established hospital use, and the comprehensive plan does not consider other potential land uses for the site.

SCL Health Plans for the Future

In 2018, SCL Health (SCLH) purchased a 26-acre parcel to anchor the Clear Creek Crossing development west of I-70 at 40th Avenue. Currently called the “West Campus,” the site will include a 6-story hospital and separate medical office buildings. Services will be similar to those provided currently on the Lutheran campus.

The West Campus will replace the existing, aging Lutheran Medical Center. SCLH is actively exploring how to repurpose the “Lutheran Legacy Campus,” and they plan to largely divest themselves of the property after the West Campus is complete. There are some services which may remain at the Lutheran campus, such as the hospice care. Additionally, some of the medical office buildings are operated by third parties who may choose to remain. A significant portion of the site is undeveloped, and there will be a significant opportunity to repurpose the site.

Proposed Master Plan

The zoning on the Lutheran campus exclusively allows medical uses, and the City’s comprehensive plan shows the campus only as a public or hospital use. In order for any development to occur or any repurposing of existing buildings, a zone change will be necessary. In order for a zone change to be supported by staff and decision makers, it needs to be supported by the comprehensive plan.

Staff is recommending the completion of a master planning process to establish a long-range vision and guiding principles specifically for the Lutheran campus and to guide future development decisions. A master plan document provides the neighbors and the development community with shared expectations, and provides decision-makers with a clear basis for making development approvals in the future.

The completion of a master plan or vision document has become increasingly common practice in the metro area as communities deal with change and growth through infill development. These small area plans are seen most frequently in the prevalence of station area plans around RTD rail stations, but also for infill situations, such as Denver’s Stadium District.

Staff has discussed the importance of a master planning effort with SCLH, and the importance of completing a plan before SCLH moves too far forward in engaging the development community. To that end, staff is proposing the following arrangement for completion of a master plan:

- City staff will serve as the project manager.
- SCLH will fund the planning effort (estimated to be \$120,000-\$150,000).
- Staff and SCLH will jointly select a planning consultant to lead the effort using the City’s procurement process.
- A planning consultant will lead an 8-month process including robust public and stakeholder engagement and plan development.
- A master plan will need to be rooted in reality; responsive to stakeholder feedback; and supported by analysis of traffic, utilities, and the market.
- The master plan will need to be reviewed and adopted by the Planning Commission and City Council as an amendment to the comprehensive plan to provide the basis for future development approvals.

The resulting master plan is intended to be community-backed and vision-based to further goals rooted around the following elements:

- zoning and land use
- transportation and connectivity
- utilities and infrastructure
- economic conditions

It would also identify opportunities and challenges, and set forth a clear basis for implementation.

Next Steps

SCL's desire to market the Lutheran campus among the development community is occurring sooner than City staff had expected. This means that a master planning effort for the property is now a high priority. Staff is seeking Council consensus to move forward with a master plan. If such direction is given, the procurement effort will begin promptly, and a kick off for the process could occur as early as the first quarter of 2021.

Based on staff resources, this would mean the 44th Avenue subarea plan would be not begin until the third or fourth quarters of 2021 at the earliest. That project was not included in the 2021 budget and would also be dependent on 2021 revenues.

Memorandum

TO: Mayor and City Council

FROM: Kenneth Johnstone, Community Development Director

THROUGH: Patrick Goff, City Manager 

DATE: November 2, 2020

SUBJECT: Short-Term Rentals – Ordinance Update

PRIOR ACTIONS:

In October 2019, City Council gave specific policy direction and made a consensus for staff to begin drafting a short-term rental (STR) ordinance. Staff developed a term sheet summarizing the provisions that could constitute an ordinance allowing short-term rentals.

A term sheet with an ordinance framework was presented at an April 6, 2020 study session. At that study session, City Council gave specific direction to move forward with a short-term rental ordinance that will allow and regulate STRs in the City.

Since April, Planning Division staff have engaged with multiple stakeholders to develop a draft ordinance based on the consensus from that study session, including Allison Scheck and Mark Colvin of Administrative Services, Chief Chris Murtha and Division Chief Jim Lorentz of the Police Department, City Attorney Gerald Dahl, Chief Building Official Randy Slusser, and potential third-party STR regulators.

PURPOSE:

This memo provides a summary of the provisions that will constitute an ordinance allowing short-term rentals. The ordinance defines terms related to STRs and establishes regulations where there currently are none. It contains specific guidance for the administration of the STR regulations and the review of applications. It also revises existing definitions for related uses such as rooming/boarding and hotels to better differentiate between uses.

PROPOSED REGULATIONS:

Provided below is a list of proposed regulations based on City Council's April 2020 consensus as well as staff discussions, stakeholder outreach, continued research on other STR ordinances, and contacts with third-party STR regulators. The proposed framework includes direct input from the Planning Division, Building Division, Administrative Services, Police Department, and City Attorney. In some instances, staff is recommending minor changes to Council's direction based on input from the City Attorney.

Chapter 11 (Licenses, Permitting, and Misc. Business Regulations)

- Add a new section for STRs (Article XIV)

Chapter 26 (Zoning and Development)

- Add a new section for STRs (Article VI, Section 645)
- Add new definitions and revise existing definitions in Sec. 26-123
- Add new use categories and revise existing use categories in Sec. 26-204
- Clarify existing requirements for Bed & Breakfasts to differentiate from STRs

The balance of this memo contains draft ordinance language for the proposed new sections (Chapter 11, Article XIV and Chapter 26, Article VI, Section 645). Please note the language in some sections is not finalized and appears as a summary or shorthand.

Proposed Chapter 11, Article XIV:

1. Any application for a license for a short-term rental shall only be submitted for an eligible property meeting the requirements of Sec. 26-645, subsections B and C, and shall include the following:
 - a. The name, address, and telephone number of one emergency contact capable of physically responding to the property within sixty minutes.
 - b. A certification that the dwelling unit is equipped with an operational smoke detector, carbon monoxide detector, and fire extinguisher. Adequate egress per the requirements of the International Residential or Building Code, as applicable, from the dwelling unit and all sleeping quarters shall also be certified.
 - c. A certification that the dwelling unit is not deed-restricted affordable housing, income-restricted housing, age-restricted housing, and/or rent-stabilized or rent-controlled housing.
 - d. A certification that the property meets the parking requirements for the underlying zone district as defined in Sec. 26-501.
 - e. A description of the space on the property intended to be used as a short-term rental, including number of bedrooms, baths, kitchens, living areas.
 - f. Proof of ownership of the property. Only the owner of the property may apply for the short-term rental license. A long-term renter/tenant of a property may not apply for a license nor operate a short-term rental.
 - g. The applicable license fee, if the license is approved.
2. Any advertisement for a short-term rental shall be subject to the following requirements:
 - a. The license number as provided by the City shall be posted within the advertisement.
 - b. Advertisements may not promote use of marijuana or other controlled substances on the property.
3. A copy of the license issued by the City and the emergency contact information shall be conspicuously posted within the area rented for use as a short-term rental.
4. *Non-Assignable*. A license issued for a short-term rental may not be transferred or assigned to any other party or any other property.

5. *Age Restriction.* A short-term rental shall not be rented to a person under twenty-one (21) years of age.
6. A short-term rental host, as defined in Sec. 26-123, may not rent simultaneously to more than one party under separate contracts.
7. *Accountability.* The short-term rental shall be the legal responsibility of the legal owner(s) as set forth on the application, and the owner shall agree to accept notice of violation either in person, upon posting upon the property, or by mailed notice.
8. *Right of the City to conduct inspection (upon reasonable notice) at any time to determine compliance with the ordinance.*
9. Discretion of staff to revoke license with violations/failure to register; utilize existing framework of business license revocation by the City Treasurer. Annual review (at renewal) of “behavior” of property. License can be modified or revoked by City at any time. Review also occur at any time at City’s discretion.

Proposed Definitions (Sec. 26-123)

Short-term rental. A dwelling unit or portion thereof used for lodging accommodations for transient occupancy for a period of less than thirty (30) consecutive days.

Short-term rental host. Any individual, firm, trust, partnership, public or private association, or corporation who offers or provides lodging in a short-term rental.

Minor definition changes to hotel/motel and rooming/boarding to be consistent with terms and durations used above.

Proposed Chapter 26, Article VI, Section 645:

Short-term rentals, as defined in Section 26-123, are permitted in all residential, agricultural, commercial, and mixed-use zone districts as primary or accessory uses, including planned developments, and are subject to the following requirements:

- A. *Licensing and Permitting Required.* It shall be unlawful for any person, as defined in Section 26-123, to offer or provide lodging in the form of a short-term rental within the City of Wheat Ridge without having first obtained a business license and short-term rental license pursuant to Chapter 11, Article XIV.
- B. *Allowances:*
 1. A short-term rental host, as defined in Section 26-123, may operate a short-term rental in up to one (1) non-owner occupied dwelling unit, under the host’s ownership. Additionally, a host may operate a short-term rental in up to one (1) owner-occupied dwelling unit where a portion of the dwelling unit, such as a room or rooms, functions as a short-term rental.
 - a. As an exception, an owner of an apartment development in any zone district may operate a maximum of four (4) dwelling units as short-term rentals in that development. For apartment developments with greater than forty (40) dwelling units, additional short-term rentals are permitted at a rate of five (5)

percent of the total number of dwelling units, in addition to the four already permitted by this section. For the purposes of this subsection, an apartment development shall mean one or multiple contiguous properties under one ownership with one or more multifamily buildings.

2. For multifamily developments that have individually owned dwelling units (such as condominiums, but not including single-family attached dwellings such as townhomes), the following additional restrictions apply:
 - a. Each individual dwelling unit owner is eligible to operate a short-term rental as provided by B.1 of this section, provided that the maximum number as defined in B.1.a of this section is not exceeded in the development.
3. Short-term rentals are prohibited in industrial zone districts including planned industrial developments.

C. Requirements:

1. A short-term rental host must obtain a license pursuant to Chapter 11, Article XIV.
2. A short-term rental must be located within a legal dwelling unit as defined in Section 26-123.
3. The building or portion of building used as a short-term rental shall meet the standards of all applicable International Residential or Building codes adopted or amended by the City of Wheat Ridge as set forth in Chapter 5.
4. Short-term rentals are prohibited in temporary structures and buildings or structures without a residential certificate of occupancy, including but not limited to: recreational vehicles, sheds, tents, and campers.
5. Short-term rentals are prohibited in deed-restricted affordable housing, income-restricted housing, age-restricted housing, and rent-stabilized or rent-controlled housing. A short-term rental host shall be required to attest to compliance with this provision as part of the registration process.
6. *Parking.* If the property does not meet the minimum parking requirements in Section 26-501 for the zone district in which it is located, one (1) additional parking space per short-term rental is required. A short-term rental host shall be required to attest to compliance with the parking requirements as part of the registration process.

Other Proposals and Considerations:

- Application fees are not included in the code, but staff is researching a final amount which will take into account offsetting the costs of a potential third party vendor and any administration or enforcement activities managed by the City. The registration fee will likely be around \$200 per year, which will include the City's standard \$20 Business License fee. The proposed ordinance assumes reliance on a third party for some aspects of regulation, and would likely require a budget supplemental.
- STRs will be subject to the City's lodger's tax pursuant to existing code language, without a need for amendment
- Provide a 120-180 day initial compliance deadline for registration after the effective date of ordinance. If Council wishes to move forward with an ordinance quickly, a larger compliance deadline will allow staff to develop an RFP for third-party vendors to administer portions of the ordinance.

- A staff group met with a third party that assists cities in regulating and licensing STRs. This staff group will continue to meet to coordinate the logistics of implementation and pursue an RFP if the ordinance is approved, in order to select a viable third party vendor.
- *Cap on STRs*: Council did not reach consensus on implementing a cap on the number of STRs in the City at its previous study session. A cap on STRs can be challenging to implement. It is advisable to wait to see the number of registered STRs after the initial registration period before implementing a cap, since staff will be able to analyze the demand for STRs and market/neighborhood saturation. If Council desires a cap as part of the initial ordinance, staff recommends a cap based on a total number or percentage of dwelling units, as opposed to a cap based on a radius. A total number or percentage cap is easier to implement than a radius or block-by-block system and may be more equitable; once the total cap is reached, anyone wishing to apply for an STR license would be put on a wait list.

Next Steps:

Based on feedback at this study session, staff will finalize the ordinance to present at Planning Commission and City Council for approval. A Planning Commission hearing for the Chapter 26 edits/additions could be scheduled as soon as December 3, 2020, which puts the City Council public hearings in mid-January 2021.

Staff will develop a “host guidebook” to explain the expectations and code requirements to potential and current STR hosts. The guide will include some policies and procedures which are more appropriately expressed in administrative guidelines than in code, including how to register.