

**STUDY SESSION AGENDA**  
CITY COUNCIL  
CITY OF WHEAT RIDGE, COLORADO  
7500 W. 29th Ave. Wheat Ridge CO

May 2, 2022

6:30 p.m.

**This meeting will be conducted as a virtual meeting, and in person, at 7500 West 29<sup>th</sup> Avenue, Municipal Building, if allowed to meet on that date per COVID-19 restrictions.**

**Some City Council members or City staff members will be physically present at the Municipal building for this meeting. The public may participate in these ways:**

1. Attend the meeting in person at City Hall. Use the appropriate roster to sign up to speak upon arrival
2. Provide comment in advance at [www.wheatridgespeaks.org](http://www.wheatridgespeaks.org) (comment by noon on May 2, 2022)
3. 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: 811 6957 6013**
  - **Passcode: 395958**
4. View the meeting live or later at [www.wheatridgespeaks.org](http://www.wheatridgespeaks.org), Channel 8, or YouTube Live at <https://www.ci.wheatridge.co.us/view>

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*Individuals with disabilities are encouraged to participate in all public meetings sponsored by the City of Wheat Ridge. Contact the Public Information Officer at 303-235-2877 or [wrpio@ci.wheatridge.co.us](mailto:wrpio@ci.wheatridge.co.us) with as much notice as possible if you are interested in participating in a meeting and need inclusion assistance.*

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Public Comment on Agenda Items

1. Affordable Housing Strategy and Action Plan
2. Short-Term Rental Lodgers' Tax
3. Staff Report(s)
4. Elected Officials' Report(s)

# Memorandum

**TO:** Mayor and City Council

**THROUGH:** Kenneth Johnstone, Community Development Director

**FROM:** Jeff Hirt, Senior Neighborhood Planner

**DATE:** April 22, 2022 (for May 2 study session)

**SUBJECT:** Affordable Housing Strategy and Action Plan

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**PURPOSE:**

The purpose of this study session agenda item is for City Council to get an understanding of the purpose and anticipated outcomes of the Affordable Housing Strategy and Action Plan (“Plan”) and provide initial feedback on the project. Attachment 1 includes more detailed study session goals and three questions the project team would like for City Council to come to the meeting ready to discuss. This is the first of three anticipated Council meetings on this project in 2022.

**BACKGROUND:**

Addressing affordable housing is one of the City and State’s most pressing issues. The Colorado Department of Local Affairs awarded the City a grant in October 2021 for this Plan with City Council’s support via Resolution 45-2021 on September 13, 2021. This grant stems from a new State program to support local governments in developing affordable housing strategies. The City has no such strategies in place nor any recent community-specific housing needs assessments in contrast to peer nearby cities. This grant enables the City to complete this work that acts as a foundation for future City decisions related to housing.

City Council approved the budget allocation and contract award on March 28, 2022 for the firm czb to complete this work. The related City Council memo provides more background on the grant application and the need for this project. Czb will share more project information and some initial key Wheat Ridge housing market findings at the May 2 study session to inform the discussion. The next City Council discussion on this topic is planned for late Summer 2022 and will include more detailed findings from the data analysis and stakeholder conversations and a strategy preview for Council’s consideration.

**CITY COUNCIL FEEDBACK REQUESTED**

The project team is requesting that City Council come prepared to discuss three key questions about this Plan on May 2, as summarized in Attachment 1:

1. What does the term “affordable” mean to you?
2. Who are you most concerned cannot afford to live in Wheat Ridge?
3. What do you want to learn or get out of this project?

**Attachments**

1. Affordable Housing Strategy and Action Plan Discussion Prompt

**Goals for Study Session**

1

Council understands the purpose, general scope, and timeline of the project.

2

Council understands the boundaries of this specific project and the need for future work.

3

Council shares questions and project aspirations with staff and czb.

4

Staff and czb understand specific items of interest from Council.

It may be true that ten or fifteen years ago, Wheat Ridge would not have been categorized as a place with a major housing affordability problem. **Since at least 2010, Wheat Ridge housing costs have been on the rise, but one could also argue that it has been relatively affordable compared to other options.** But even pre-Covid, it was clear that none of that really mattered any longer—it was becoming increasingly expensive to rent or buy in Wheat Ridge. The last two years have only seen matters get worse in that regard.

This new project, the Affordable Housing Strategy and Action Plan, is not aimed at proving there is an affordability challenge. Rather, **it is aimed at determining the scope and scale of the challenge, who is most affected by it, what the City would like to do about it, and how the City might respond over time.** The project will include plenty of technical analysis, and produce data to inform both policy makers and the general public, but ultimately it will lead to important policy discussions that depend on more than just data.

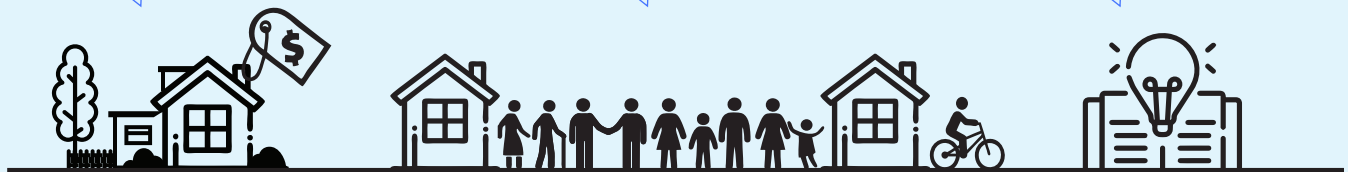
This brings us to the purpose of the May 2 study session. The project is just now getting underway, and **an important step is to talk to City Council about aspirations, questions, and concerns** it may have, both as a body and as individual council members. This discussion will allow staff and the consulting team to understand what is on Council's mind(s) as the project begins, and provide some guidance as to where the project might direct more or less attention.

**As Council anticipates the Study Session, we ask that you give some thought to the following questions and come prepared to discuss:**

What does the term **"affordable"** mean to you?


**Who are you most concerned** cannot afford to live in Wheat Ridge?

What do you **want to learn** or get out of this project?



# Memorandum

**TO:** Mayor and City Council

**THRU:** Patrick Goff, City Manager 

**FROM:** Allison Scheck, Administrative Services Director  
Gerald Dahl, City Attorney

**DATE:** May 2, 2022

**SUBJECT:** Short-Term Rental Lodgers' Tax

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**ISSUE:**

Short-term rentals (STRs) are defined as dwelling units or portions thereof used for lodging accommodations for transient occupancy, for compensation, for a period of less than thirty consecutive days. STRs are subject to the City's 10% lodgers' tax, in lieu of sales tax.

At the Regular Business Meeting on March 28, 2022, Mayor Pro Tem Hultin and Councilmember Hoppe requested that the lodgers' tax pertaining to STRs be studied at a future meeting. Specifically, they requested to evaluate lowering the STR portion of the City's current lodgers' tax and dedicate those revenues to affordable housing and/or homelessness initiatives.

**PRIOR ACTION:**

Effective January 1, 1986, the City has collected 5% lodgers' tax on the rental or furnishing of accommodations for periods less than 30 days. At the 1998 election, Wheat Ridge voters increased the lodgers' tax to 10% with the incremental revenue dedicated to improving infrastructure and increasing crime prevention resources in areas throughout the City but specifically in the motel district of I-70 and Kipling.

In February 2021, Council passed ordinance 1709, enacting a licensing program for STRs and making conforming amendments to the City's tax and zoning code. STRs, by definition, are covered under "Lodging Services." STRs began obtaining licenses in May 2021 and remitting lodgers' tax in August 2021.

**FINANCIAL IMPACT:**

Lodgers' tax revenues are split among the General Fund, Crime Prevention Fund and Capital Improvement Program Fund. As mentioned above, the incremental 5% lodgers' tax revenue, as passed by voters at the 1998 election, is dedicated to increased crime prevention activities (30% of total revenues) and infrastructure improvements (20% of total revenues). The following table lists lodgers' tax revenues by year and fund beginning with 2019.

Fund	Percentage of total	2019	2020	2021	2022 (estimate)
General Fund	50%	\$ 756,359	\$ 426,294	\$ 744,243	\$ 750,000
Crime Prevention Fund	30%	\$ 453,815	\$ 254,341	\$ 405,602	\$ 450,000
Capital Improvement Program Fund	20%	\$ 302,544	\$ 169,561	\$ 270,435	\$ 300,000
<b>Total</b>	<b>100%</b>	<b>\$1,512,718</b>	<b>\$ 850,196</b>	<b>\$1,420,280</b>	<b>\$1,500,000</b>

Based on the first seven months of tax collections, the City estimates the lodgers' tax revenues from STRs to be approximately \$240,000 per year. These revenues are split among the General Fund (50%), Crime Prevention Fund (30%) and Capital Improvement Program Fund (20%) as is the case with all lodgers' tax revenues.

Based on tax collections, the estimated STR business in Wheat Ridge is valued at approximately \$2.4 million annually. For each one percent reduction in the lodgers' tax (i.e. 10% to 9%) the City will receive approximately \$24,000 less in lodgers' tax revenue.

**DISCUSSION:**

Staff received research assistance from the Colorado Municipal League (CML) to compile a Metro Denver summary of STR applicable taxes as presented in the following table.

MUNICIPALITY	Sales tax	Lodging/ accommodations tax	Total tax
ARVADA	3.46%	2%	5.46%
AURORA		8%	8%
BOULDER		7.5%	7.50%
BRIGHTON	3.75%	3%	6.75%
BROOMFIELD	4.15%	1.50%	5.65%
CASTLE ROCK	4%	6%	10%
CENTENNIAL	2.50%		2.50%
COLORADO SPRINGS	3.07%		3.07%
DENVER		10.75%	10.75%
EDGEWATER	3.50%		3.50%
ENGLEWOOD	3.50%	2%	5.50%
FEDERAL HEIGHTS	4%		4%
GLENDALE	3.75%		3.75%
GOLDEN	3%	6%	9%
GREENWOOD VILLAGE	3%	3%	6%
LAFAYETTE	3.87%	2%	5.87%
LAKESWOOD	3%	3%	6%
LITTLETON	3.75%		3.75%
LONE TREE	2.8125%	6%	8.8125%
LOUISVILLE	3.65%	3%	6.65%
LYONS	3.50%		3.50%
NORTHGLENN		5%	5%
PARKER	3%	3%	6%
SHERIDAN	3.50%		3.50%
THORNTON		7%	7%

<b>WESTMINSTER</b>		7%	7%
<b>WHEAT RIDGE</b>		10%	10%
<b>WOODLAND PARK</b>	4.09%	5.70%	9.79%

It is important to note that some communities listed in the table do not have active licensing and enforcement programs, meaning that they are not actively pursuing tax collection on STR activities.

### **TABOR Considerations**

Creation of a new tax is subject to Article X, Section 20 of the Colorado Constitution – the Taxpayer's Bill of Rights (TABOR). Under TABOR, no new tax or increased rate for an existing tax may be imposed by the City unless it has first been approved by the voters. However, the elimination or reduction of an existing tax does not require a TABOR election. The reduction for the STR portion of the lodgers' tax can be implemented by City Council adopting an ordinance. However, as is the case of any other ordinance, Council can choose to adopt an ordinance and refer the question to the ballot for Wheat Ridge voters to consider.

### **Options for Consideration**

There are several options for consideration to help Council achieve the desired outcome. The options range in complexity and levels of legislative action and resident involvement.

#### **1. Budgetary/Administrative Process**

Should Council desire to keep STRs at the current lodgers' tax rate of 10%, Council could decide to restrict the STR-generated tax revenues for housing and homeless purposes. This would be achieved administratively through the annual budget process. No ordinance or election is required in this scenario.

#### **2. Reduce STR Portion of Lodgers' Tax by Ordinance**

Council could reduce the STR portion of the lodgers' tax rate by ordinance by amending Section 22 of the City's Code of Laws. In this instance, the STR tax is still subject to the split among the General Fund (50%), Crime Prevention Fund (30%) and Capital Improvement Program Fund (20%).

#### **3. Adopt an Ordinance Effective Upon Approval of Referred Measure**

Council could pass an ordinance lowering the STR portion of the lodgers' tax rate and provide that the ordinance is only effective upon approval of a referred measure to the electorate. In this instance, the STR tax would be split among the funds as noted above. Sample ballot language is as follows:

SHALL ORDINANCE No. \_\_\_\_\_ SERIES 2022, AN ORDINANCE REDUCING THE RATE OF LODGERS' TAX FOR SHORT TERM RENTAL LODGING FROM 10% TO \_\_\_\_\_%, BE APPROVED [OR... BE PERMITTED TO TAKE EFFECT] AND THAT THOSE REVENUES WILL BE USED FOR AFFORDABLE HOUSING AND/OR HOMELESSNESS INITIATIVES?

#### **4. Referred Measure Asking for Voter Approval**

Council could refer a question to the electorate, asking whether the STR portion of the lodgers' tax should be reduced. In this case, Council could also ask that the revenues generated specifically from STRs be exempt from the split among funds and instead be

dedicated 100% to affordable housing and homelessness initiatives. Should the measure pass, Council will then pass an ordinance to implement the change. Sample ballot language is as follows:

SHALL THE RATE OF LODGERS' TAX FOR SHORT TERM RENTAL LODGING BE REDUCED FROM 10% TO \_\_\_%, BY AN ORDINANCE OF THE CITY COUNCIL AND SHALL THOSE REVENUES BE DEDICATED TO AFFORDABLE HOUSING AND HOMELESSNESS ISSUES?

**Additional Considerations**

- **Timing**

Should a ballot measure be Council's desire, an ordinance referring a question must be adopted by August 22 in order to meet the County's deadline for the coordinated election.

- **Election Cost**

The cost to add a question to this year's ballot is approximately \$20,000. Currently, \$14,000 is budgeted in the City Clerk's account to cover this expense.

**NEXT STEPS:**

Staff is requesting direction from Council on next steps with regards to applicable STR lodgers' taxes.