

**TOWN OF RICO  
ORDINANCE NO. 2022-05**

**AN ORDINANCE OF THE TOWN OF RICO, COLORADO  
ESTABLISHING A LICENSING PROCESS FOR SHORT-TERM  
RENTALS AND AMENDING THE RICO LAND USE CODE TO REMOVE  
SHORT-TERM RENTALS FROM SPECIAL USE PERMIT REVIEW.**

**WHEREAS**, the Town of Rico, Colorado (“Town”) is a Colorado home rule municipality organized pursuant to Article XX of the Colorado Constitution and with the authority of the Rico Home Rule Charter; and

**WHEREAS**, The Board of Trustees of the Town (“Board”) recognizes the potential for increasing impacts to the community as a result of a rise in short-term and vacation rentals; and

**WHEREAS**, the Board adopted Ordinance 2011-3 on June 15, 2011 amending the Rico Land Use Code (“RLUC”) to allow short-term rentals in residential areas pursuant to a special use permit; and

**WHEREAS**, the Board convened a work session on March 7, 2022 to receive public input and discuss the regulation of short-term rentals in the Town; and

**WHEREAS**, the Rico Planning & Zoning Commission has considered the amendments to the RLUC contained in this Ordinance, conducted a duly noticed public hearing regarding the amendments at its May 11 meeting, and recommended the Board adopt the amendments; and

**WHEREAS**, in accordance with the Rico Regional Master Plan’s goals of preserving small town character while maintaining livability, the Town desires to minimize the adverse effects of short-term rentals on residential neighborhoods and the supply of housing in the Town; and

**WHEREAS**, the Board desires to amend Section 221 of the RLUC to remove short-term rental dwelling units from the list of Residential Uses by Special Use Permit Review and amend Sections 220, 240, 250, 270, and 280 of the RLUC to add short-term rental dwelling units to the list of Uses Permitted by Right for Residential (R), Historic Commercial (HC), Commercial (CM), Residential Planned Unit Development (RPUD), and Commercial Planned Unit Development (CPUD) zone districts, subject to the Sections of the RLUC requiring a license and compliance with standards for operation; and

**WHEREAS**, the Board desires to add new sections to the RLUC to create a licensing procedure and regulations for the operation of short-term rental dwelling units in the Town; and

**WHEREAS**, the Board finds and declares that the amendments to the RLUC regarding short-term rentals set forth herein are proper in light of the needs and desires of the Town and in the promotion of the public health, safety, and welfare of the Town’s residents.

**NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF RICO THAT:**

**Section 1.** The recitals above are hereby adopted as findings and incorporated herein.

**Section 2.** The Rico Land Use Code shall be and is hereby amended as set forth in **Exhibit A** to this Ordinance, incorporated by reference hereto.

**Section 3.** This Ordinance shall take effect immediately on final adoption.

THIS ORDINANCE WAS, FOLLOWING PUBLIC NOTICE, INTRODUCED, READ, AND APPROVED ON FIRST READING, AND ORDERED PUBLISHED BY TITLE ONLY THIS 18TH DAY OF MAY 2022.

TOWN OF RICO, COLORADO

  
\_\_\_\_\_  
Nicole Pieterse, Mayor

ATTEST:

  
\_\_\_\_\_  
Anna Wolf, Town Clerk

THIS ORDINANCE WAS, FOLLOWING PUBLIC NOTICE, INTRODUCED, READ ON SECOND READING, PASSED AND ORDERED PUBLISHED BY TITLE ONLY TO BE EFFECTIVE IMMEDIATELY THIS 15TH DAY OF JUNE 2022.

TOWN OF RICO, COLORADO

  
\_\_\_\_\_  
Nicole Pieterse, Mayor

ATTEST:

  
\_\_\_\_\_  
Anna Wolf, Town Clerk

Effective Date: June 15, 2022

## EXHIBIT A

### AMENDMENTS TO THE RICO LAND USE CODE

Additions shown in double underline; deletions shown in ~~strikethrough~~.

#### 220. RESIDENTIAL (R) ZONE DISTRICTS - USES PERMITTED BY RIGHT

Single family dwellings, accessory dwelling units, accessory buildings and uses, including home occupation, and short-term rental dwelling units subject to the licensing procedures and regulations in Sections 450-457.

#### 221. RESIDENTIAL USES BY SPECIAL USE PERMIT REVIEW

~~A. Short-term rental dwelling units/ accommodations, excluding hotels, condominium hotels, bed and breakfasts, motels, lodges, boarding houses and rooming houses.~~

AB. Daycare facilities, schools and churches.

#### 240. HISTORIC COMMERCIAL (HC) ZONE DISTRICT - USES PERMITTED BY RIGHT

Commercial, religious institution, fire house, school, and residential, including multi-family, apartments, town homes, ~~and condominiums,~~ and short-term rental dwelling units subject to the licensing procedures and regulations in Sections 450-457. All uses permitted by right must be conducted primarily out of a structure that meets the requirements of this RLUC.

#### 250. COMMERCIAL (CM) ZONE DISTRICT - USES PERMITTED BY RIGHT

Commercial and residential, including multi-family, apartments, town homes, ~~and condominiums,~~ and short-term rental dwelling units subject to the licensing procedures and regulations in Sections 450-457. All uses permitted by right must be conducted primarily out of a structure that meets the requirements of this RLUC.

**270. RESIDENTIAL PLANNED UNIT DEVELOPMENT (RPUD) ZONE DISTRICT – USES PERMITTED BY RIGHT**

Single-Family, duplex, triplex, accessory dwelling use, and home occupation, and short-term rental dwelling units subject to the licensing procedures and regulations in Sections 450-457.

**280. COMMERCIAL PLANNED UNIT DEVELOPMENT (CPUD) ZONE DISTRICT – USES PERMITTED BY RIGHT**

Single family dwellings, duplexes and triplexes, accessory structures and uses, including home occupation, commercial, light industrial, and short-term rental dwelling units subject to the licensing procedures and regulations in Sections 450-457. All uses permitted by right must be conducted primarily out of a structure that meets the requirements of this RLUC.

**450. SHORT-TERM RENTAL LICENSE REQUIRED**

It shall be unlawful to operate a short-term rental dwelling unit, as defined in Section 910, within the Town until the Town has issued a short-term rental license under the provisions of the RLUC contained in Sections 450-457, as amended (the “Short-Term Rental Regulations”).

**451. PURPOSE**

The Town of Rico recognizes that there are benefits to allowing owners of residential units within the Town to rent their dwelling units for periods of time less than thirty (30) days. Short-term rental of dwelling units brings additional visitors to the Town, can allow owners to recoup housing costs, and provides revenues for the Town through the additional tax collections. The provision of short-term rentals offers additional diversification to the accommodations market. However, due to the potential for adverse impacts, the Town wishes to regulate short-term rentals to protect the health, safety, and welfare of owners, residents, neighbors, and visitors.

**452. APPLICABILITY**

452.1 The Short-Term Rental Regulations shall apply to any residential dwelling unit within the Town. The Short-Term Rental Regulations are applicable within a Planned Unit Development unless the short-term rental of property is specifically identified as a prohibited use by the Planned Unit Development.

452.2 The Town is not a party to and does not enforce any private covenants. Private covenants may restrict the ability for owners to engage in short-term rentals.

452.3 Unless otherwise stated or modified, the Short-Term Rental Regulations, including owner responsibilities, operation standards, penalties, and enforcement, shall apply to

existing short-term rental dwelling units authorized by a special use permit prior to the date of adoption of the ordinance enacting these regulations. Any short-term rental dwelling unit authorized by special use permit prior to the date of these regulations must comply with any conditions imposed on the special use permit at the time of issuance. A short-term rental dwelling unit authorized by special use permit shall be considered an existing non-conforming use under Section 208. Under Section 208.4, discontinuance and abandonment of the non-conforming short-term rental use exists when the owner of the short-term rental dwelling unit fails to remit lodging tax to the Town for a period of six (6) months, upon the transfer of fee simple title to the short term dwelling unit, whether by the owner or by operation of law, or when the owner applies for and receives a short-term rental license under the procedures in Section 456.

#### **453. OWNER RESPONSIBILITIES**

453.1 The owner of the short-term rental dwelling unit shall designate a natural person located within a one-hour driving distance of the short-term rental who is available twenty-four (24) hours per day, seven (7) days per week, to serve as the local responsible party for the short-term rental and to immediately respond to any issues arising from the short-term rental. The designated responsible party may be the owner of the property. The owner shall notify the Town in writing of the designation of the responsible party within five (5) days of such designation or modification of any such designation.

453.2 The owner or responsible party shall collect and pay all applicable local, state, and federal taxes including sales, lodging, and excise taxes as applicable.

453.3 The owner or responsible party is responsible for ensuring the short-term rental meets all applicable local, state, and federal regulations. This includes compliance with the RLUC and, for example C.R.S. § 38-45-101 et seq., as amended, which requires carbon monoxide alarms in residential properties.

453.4 The owner or responsible party is responsible for obtaining all required licenses in accordance with the Town of Rico's business licensing ordinances.

#### **454. LOCATION, USE, AND OCCUPANCY RESTRICTIONS**

454.1 Occupancy limitations of a short-term rental dwelling unit shall be established by the Town's building code, as determined by the Town's building inspector, and shall be indicated on the short-term rental license.

454.2 In residential zone districts, in a multi-family building under single ownership, or for properties with an accessory dwelling unit, no more than one (1) unit may be licensed as a short-term rental, provided the use restrictions in Section 454.3 are met.

454.3 The total number of short-term rental dwelling units shall be limited to seven percent (7%) of the Town's total housing units as determined by the Colorado State Demography Office and updated from time to time. This percentage limit may be amended by the Board of Trustees by ordinance.

- (a) In addition, the available number short-term rental dwelling units shall be distributed into four quadrants, assuming an approximately equal number of housing units per quadrant. The quadrants shall be as follows:
  - (i) Northwest: North of W. Campbell Street and West of S. Glasgow Ave.
  - (ii) Northeast: North of E. Mantz Ave and East of S. Glasgow Ave.
  - (iii) Southeast: South of E. Mantz Ave and East of S. Glasgow Ave.
  - (iv) Southwest: South of W. Campbell Street and West of S. Glasgow Ave.
  
- (b) In addition, in residential zone districts, no short-term rental dwelling unit shall be issued a license in a property immediately adjacent to a property that contains a short-term rental dwelling unit. "Immediately adjacent," for the purposes of this section, means that the properties share at least 25 feet of contiguous boundary line.
  
- (c) The limitations on location and total number of short-term rental units in this Subsection 454.3 shall include existing short-term rental dwelling special use permits existing as of the date of the ordinance adopting these Short-Term Rental Regulations.

454.4 Short-term rental dwelling units in the Commercial (CM) or Historic Commercial (HC) zone districts shall not count towards the total number of short-term rental dwelling units in Section 454.3 above.

## 455. OPERATION

455.1 All vehicles associated with the short-term rental use shall be parked in designated parking areas, such as driveways and garages, or on-street parking, where permitted. No parking shall occur on lawns or sidewalks. Unless otherwise requested by the license applicant and specified in the license, two parked vehicles shall be allowed per short-term rental dwelling unit, and the vehicles shall display a parking permit with the license number of the short-term rental at all times when parked.

455.2 The owner shall be responsible for ensuring that the short-term rental complies with Town of Rico garbage, refuse, and trash collection standards. The owner and local responsible party shall arrange for proper garbage, refuse, and trash collection. The owner and local responsible party shall arrange for snow removal on the sidewalks and driveways associated with the short-term rental.

455.3 The following information must be posted in a prominent and visible location in the short-term rental:

- (a) Town of Rico business license and short-term rental license;
- (b) Contact information for owner and/or local responsible party, including phone number for twenty-four-hour response to emergencies;
- (c) Notice of any fire ban in effect in the Town;
- (d) Description of location of fire extinguishers and emergency egress; and
- (e) Any other information deemed necessary by the Town Manager or Building Official to ensure the public's health and safety.

455.4 All advertising of a short-term rental, including advertising on website vacation booking sites, shall display the Town of Rico short-term rental license number and business license number.

#### 456. LICENSE PROCEDURES

456.1 Application Requirements. The owner shall submit the application on the form provided by the Town and shall pay the application fee. The application fee shall be \$2500 for an initial application and \$1500 for a renewal application (including renewals pursuant to the lottery system). Applications for a short-term rental license starting on January 1 shall be submitted to the Town no later than August 1 of the preceding calendar year.

456.2 Application Review, Referral, and Appeal. The Town Manager, in consultation with the Town Planner, shall review applications for short-term rental licenses for compliance with these regulations. The Town shall review applications during the month of August and shall issue license decisions no later than September 15. If the application is in conformity with the Short-Term Rental Regulations, the Town Manager shall issue a short-term rental license. The Town Manager may, in his or her sole discretion, refer an application to the Board of Trustees if the application raises issues on which the Board's input is necessary or desirable. If the application is not approved and the license is not issued, the Town Manager shall state in writing the reason(s) for the denial of the license. The applicant may appeal the Town's denial to the Board of Trustees within thirty (30) calendar days of issuance of the written denial decision.

456.3 Issuance and Term of License. All short-term rental units, except short-term rental dwelling units for which the Town has issued a special use permit as of the date of the ordinance adopting these regulations, shall require a license from the Town. Such license shall only be issued after the short-term rental application has been approved in accordance with the Municipal Code. The short-term rental license shall specify any terms and

conditions of the license. All licenses shall be issued to the owner of the property. No natural person or business entity shall be issued more than one short-term rental license, nor shall the owner of an existing short-term rental dwelling unit as of the date of adoption of these regulations be issued a license for an additional short-term rental. Licenses shall not transfer with the transfer of property to a new owner; a change in ownership of the property shall necessitate a new application and issuance of a new license. Licenses shall be issued for a period of two (2) years starting on January 1 and shall automatically expire on December 31 of the second year.

456.4 Lottery System. If the number of new or renewal license applications submitted for an application cycle would lead to a total number of short-term rental units in excess of the number allowed in Section 454.4 (including the total number allowed for any quadrant of the Town), the Town Manager shall issue licenses by random lottery. Such lottery shall not provide a preference to renewal applications over new applications. The Town shall refund the application fees, except for an administrative fee of \$50 which shall be retained by the Town, for applications not issued pursuant to a lottery.

456.5 Neighborhood Notification. Upon issuance of a short-term rental license, the property owner shall be responsible for mailing public notification of the license to owners of all real property within two hundred fifty (250) feet of any boundary or edge of the subject property or parcel. The property owner shall provide certification to the Town Manager that proper notice has been provided, including a signed affidavit.

456.6 Revocation of License. A short-term rental license may be revoked at any time by the Board following a hearing if the Town determines that the property is not being operated in compliance with this Short-Term Rental Regulations or any other Town ordinance. A short-term rental license shall be revoked automatically upon the property owner's third conviction in Rico Municipal Court of a violation of any provision in these Short-Term Rental Regulations with respect to the short-term rental. An applicant whose short-term rental license has been revoked within the last two years shall not be allowed to apply for a new or renewal short-term rental license.

456.7 Tax Collection. A license holder who fails to collect any applicable taxes on a short-term rental, including but not limited to lodging tax, during the license period shall not be allowed to renew the license for the next two-year license cycle. Owners shall present documentation demonstrating the collection and remittance of taxes to the Town as part of the license renewal application.

## 457. PENALTIES AND ENFORCEMENT

457.1 Penalties for Violations. Any violation of the Short-Term Rental Regulations shall be subject to a fine of two hundred fifty dollars (\$250.00) for the first offense, five hundred dollars (\$500.00) for the second offense, seven hundred fifty dollars (\$750.00) for the third



offense, and one thousand dollars (\$1,000.00) for the fourth offense and all subsequent offenses. Each day's continuing violation shall be a separate and distinct offense.

457.2 Taxes Owed. In addition to the fine amounts stated in Section 457.1, any owner or operator of a short-term rental dwelling unit, including unauthorized owners operating a short-term rental without a license in violation of the Short-Term Rental Regulations, shall pay all unpaid taxes, including lodging tax, owed to the Town and interest thereon calculated at a rate of ten percent (10%) per year. The amount of outstanding tax owed shall be separate from the amount of the fine.

457.3 Inspection and Audit. The Town has the right to inspect any short-term rental dwelling unit after giving forty-eight (48) hours' notice to the property owner and designated responsible party to verify compliance with the Short-Term Rental Regulations. The Town has the right to require an audit of any short-term rental owner's records concerning the operation of the short-term rental, to include occupancy rates, prices, revenues generated, and taxes remitted. The short-term rental owner shall be responsible for the cost of any audit.