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## Short-Term Rentals

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Allowing short-term rentals (STRs) with regulations to mitigate impact on neighbors is a reasonable option adopted by many communities. There are three key decisions that guide the development of a policy:

1. Absent vs On-site Owners
2. Allowing or Prohibiting the Rental of Guest Houses
3. Allowing or Prohibiting the Rental of Outbuildings

This paper will provide some definitions, address key concerns raised, and outline a framework to help address the three key decisions above.

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## Definitions

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### What is a Short-Term Rental?

The common definition of a short-term rental used in other communities is a rental of about 30 days or less. Six months to one year is typical for a long-term rental. This leaves a grey area between short and long-term rentals where those who rent out their home for 40 days or 2 months could say they do not qualify as a short-term rental; however, if there is not a lessor/lessee agreement and someone is not intending to make the dwelling unit a residence or household, it implies a transient (or short-term) stay.<sup>1</sup>

There are also different occupancy types in the International Fire Code that differentiate between dwelling units where occupants are primarily transient in nature (Residential Group R-1) and those where occupants are primarily permanent in nature (Residential Group R-2, R-3). This distinction is necessary because there are different requirements for fire safety measures for different types of occupancy; those who are permanent residents know their surroundings and can evacuate in a fire emergency without lighted signs or an emergency exit route map compared to transient guests. Fire sprinklers may also be required for transient occupancy buildings.

Definitions of *short-term rental* around New Mexico are as follows:

- ‘Rental of all or part of a residential dwelling unit for the purpose of overnight lodging for less than 30 consecutive days to the same person or persons.’ This definition prevents rental of accessory buildings.
- ‘Rental of all or part of a residential dwelling unit or accessory structure for the purpose of overnight lodging for less than 30 consecutive days to the same person or persons.’ This definition allows rental of accessory buildings.

### Is a Short-Term Rental a Commercial Use?

Yes, short-term rental involves renting of rooms, which is considered a commercial use per the Village Code §9.2.3: “COMMERCIAL USE means an occupation, employment, or enterprise that is conducted by the owner, lessee, or licensee. The purchase, sale, or transaction involving the disposition of any article, substance, commodity, or service; the maintenance or conduct of offices, professions, or recreational or amusement enterprises including renting of rooms, business offices, and sales display rooms and premises.” (Emphasis added.)

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<sup>1</sup> The New Mexico Uniform Owner-Resident Relations Act applies to landlord and tenant rights. Traditionally “transient” dwelling units, such as hotels and motels, can fall under this act so long as they are not occupied transiently. “Transient occupancy” means occupancy of a dwelling unit for which rent is paid on less than a weekly basis or where the resident has not manifested an intent to make the dwelling unit a residence or household. (Emphasis added.)

The Village allows commercial activities on residential properties so long as they abide by regulations that limit the scale and impact of the commercial use in a residential area, such as those for home occupations and bed and breakfasts. The regulations are specific to the type of commercial activity. For example, among other things, home occupations limit the portion of the home that can be used for the business, limit traffic generation, and limit visible effects on the neighborhood (signage, storage), and bed and breakfasts limit the number of rooms, parking, and require the operator(s) to live in residence.

### **How is a Short-Term Rental Different Than a Bed & Breakfast?**

A bed and breakfast is a type of short-term rental. A bed and breakfast establishment is defined in the Village code as “an owner-occupied dwelling unit containing at least one but not more than four (4) guestrooms where lodging is provided, with or without meals, for compensation, in a residential zone; or, a dwelling unit containing not more than eight (8) units in the Agricultural Commercial zone, where lodging is provided, with or without meals, for compensation.” That definition does not include short-term rental and the Village code does not have a definition of short-term rental. A short-term rental is a larger category that bed and breakfasts fit into.

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### *General Concerns*

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#### Impact to Long-Term Housing Options:

Short-term rentals can remove houses from the market and create neighborhoods of vacant homes during off-seasons. With on-site owner operations, long-term housing is still provided for at least one person.

#### Impact on Neighbors (character, sense of community, nuisances):

Short-term rentals can change the character of a residential neighborhood to commercial if there are many of them on the same street, as there would be fewer familiar faces in the neighborhood. The likelihood of nuisance (noise, on-street parking, traffic, events) also increases as those who rent short-term rentals are usually on vacation or sometimes renting for a special event.

#### Competition with Lodging Industry:

In communities with a lot of tourism, short-term rentals collectively are a competitor to the established lodging industry, and there is a desire to “level the playing field.” This “playing field” refers to the lack of taxation short-term rentals usually incur compared to lodging businesses; less or different safety requirements; and the opportunity to operate in residential areas. This is less of a concern for the Village as there are limited commercial areas for existing and potential lodging, and fewer events or attractions in the area to draw tourists.

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### *Regulations to Mitigate Neighborhood Impact*

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There are restrictions the Village could adopt to mitigate concerns on neighborhood impact:

#### Prohibit events:

Using short-term rentals for events can be a source of nuisance (parking, noise, behavior of attendees) and is not the original intent of their use, which is lodging.

#### Prohibit RVs, tents, or other non-dwellings used as rentals:

This limits the scale of operation, limits larger vehicles driving on private roads, and ensures a minimum standard for guest habitation (utilities, sanitation and cooking facilities). In the Village, RVs are not allowed to be dwellings, so prohibiting their rental aligns with that intent.

Limit occupancy:

This limits scale of operation and prevents overcrowding rooms. An example occupancy limit is two adults per bedroom (excluding minors), which can tie to parking requirements and what number of people is considered a gathering (event). This can be redundant or more restrictive than occupancy limits determined by the fire department. If no occupancy limit is identified in a short-term rental policy, the dwelling is still restricted to reasonable occupancy based on fire code and building code.

Limit number of guest rooms:

This limits scale of operation and, combined with off-street parking requirements, ensures that there is enough off-street parking for guests. This can have a different impact depending on whole-home or traditional B&B-style per guest room rental; if the number of rooms is limited to four bedrooms, then a five-bedroom house could not rent the entire home, while a four-bedroom house could rent the entire home.

Prohibit/limit on-street parking:

This ensures that the scale of operation matches available infrastructure without creating more burden on the neighbors. This also makes it relatively easy to identify when an event would be taking place, since on-street parking would be a clear indicator from the public right-of-way. Required off-street parking can be space per bedroom or per guest.

Require posting license number on online listing:

This makes it easier to identify non-compliant listings.

Require posting rules of operation in rental, including: Noise, trash, fire safety, emergency contact number, STR license, occupancy (if applicable):

This ensures that the renters are aware of the rules and safety amenities during rental and are aware of breach if they do so. Noise limitations already exist in the noise ordinance, so this posting would help renters be aware.

Require provision of health and safety features:

This ensures that common safety amenities, such as fire extinguishers, smoke detectors, and carbon monoxide detectors are provided in the rental. This is redundant to what the fire department would require during their inspection.

Limit number of short-term rentals on a street/in a neighborhood:

This prevents a high concentration of short-term rentals per neighborhood, preserving residential character. This favors early adopters, since once a neighborhood would reach its saturation point, no new permits would be issued. Some regulations prohibit the number adjacent to one another, which can be unfair to neighbors as they would be unable to have an short-term rental and would have the activity of living next to one. The Village would need to identify "neighborhoods" or "blocks" for enforcement of this, as not every property in the Village is in an identifiable neighborhood.

Limit total number of permits issued, with option to raise ceiling:

This manages the number of short-term rentals allowed in the community. This does not address geographic concentration, as entire neighborhoods could obtain a permit if they all are interested, and it favors the early adopters, but it would ensure that not every residence becomes a short-term rental. The cap could be a standard number or a percentage of households.

Require residential appearance:

This maintains the residential appearance of the neighborhood and does not promote a commercial atmosphere. A similar requirement exists for home occupations, limiting signage.

Require paying lodger's tax:

This helps to "level the playing field" between traditional lodging and short-term rentals and provides funding for enforcement or other economic development initiatives. Currently, the Village does not have a lodger's tax, so this

unequal factor does not currently apply.

Require/recommend liability insurance:

Communities can require or recommend liability insurance. As some online platforms provide insurance when listing through them, the language typically says that the operator must obtain and provide proof of insurance and/or list their rental through a platform that provides insurance.

Require emergency contact information for complaints and emergencies:

This aids in code enforcement.

Disclaimer that STR ordinance not intended to conflict with HOA covenants or restrictions:

This clarifies distinction between HOA and Village rules.

**Enforcement**

Regulations will likely lead to outsourcing of code enforcement to a company that can set up a system for permitting, provide a complaints hotline, and monitor online listings for compliance. This has been done by New Mexico communities with a traditional tourism season and a lot of tourism (Ruidoso, Santa Fe, Taos) and those without (Corrales). Should it become too costly on the community, the Village can adjust whether it outsources enforcement based on number of complaints, evidence, etc. Companies charge on an as-needed basis, so the more calls to the service the more they charge. This could be funded with implementation of a lodger's-type tax on short-term rentals.

Host Compliance is an example of a company that handles code enforcement and tax collection; it is used by Ruidoso and Taos. Host Compliance offers a 24/7 complaints hotline that helps callers collect evidence to aid in code enforcement or license revocation procedures, notifies responsible parties of complaints, and escalates cases where the responsible party fails to address the reported issues in a timely manner. They have an online permit registration form template and an online tax reporting form to make it easier for operators to be compliant.

The Village would still be the party that revokes licenses and/or issues fines through the Municipal Court process. The Village could use the same existing process to revoke current B&B permits or Home Occupations (written complaint supported by Village investigation leads to revocation at Planning & Zoning Commission meeting) or implement a new process to revoke, such as one based on number of ordinance violations. There are additional penalty options, such as requiring the operator to pay fees for each nuisance call or revoking a permit after a certain number of complaints (supported by evidence).

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*STRs On-site Owner Only*

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There is a perception\* that those who rent while living in the home would have higher standards when it comes to type of guest, upkeep of property, and frequency of rentals because they are living in the home during the rental. This accounts for the difference in perception between Bed & Breakfasts, which can be positively perceived, and short-term rentals on online platforms like AirBnB and VRBO, which can be negatively perceived. The presence of the owner mitigates common complaints of events, noise, and on-street parking getting out of control or disruptive. It also cuts down on time to correct any violations or complaints, since the owner is on-site rather than out-of-town or even 30 minutes away.

Considerations:

The Village would need to decide what is considered an on-site owner:

1. Does the operator need to be in the same building? (e.g., operator can live in guest house while renting out main house, or operator must live in the building being rented.)
2. Does the operator need to be the owner or long-term renter, or could they be an agent living on site?

### Enforceability:

The Village would need to assure enforceability by requiring the following information: Confirm proof of residency and provide 24/7 emergency contact information. The Village might also consider limiting ownership of multiple rental properties in the Village.

### **Village Recommends this Policy Option (see full recommendation below)**

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#### *STRs Absent Owner Allowed*

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There is a perception\* that those who rent without living in the home are less concerned with the quality of the guest and upkeep of the property. Absent owners could rent more frequently, since rental would not disrupt their daily lives or vacation plans. The absence of the owner can increase the likelihood of nuisances since the activity could occur without the owner knowing.

A way to ensure owner involvement during rental is to require 24/7 emergency contact information from the owner or managing agent and require that the owner/manager be available to get to the property within a certain timeframe (15-30 minutes, etc.). For example, the Village of Corrales requires that the owner or agent be on-site within one hour of receiving any complaint.

A concern for absent-owner rentals is companies or people buying multiple properties and taking a potential long-term residence out of the housing market. If enough people do it, it could turn a residential community into a lodging community. A way to mitigate this is by requiring the owner to be a natural person (not a company) and requiring the house to be their primary residence (proof through documentation: Driver's license, motor vehicle registration, tax documents (income tax return, property tax bill), utility bill, voter registration, state issued ID card).

### **Absent-Owner Allowed on Limited Basis:**

There is a grey area between allowing on-site-owner only and absent-owner short-term rentals, and that is allowing absent-owner rentals only occasionally. Communities that have done this adopt rules limiting the number of absent-owner rental nights, such as limiting consecutive day rentals or limiting absent-owner rentals to a certain number of days per year (e.g. 90 days per year). The challenge with occasionally allowing absent-owner rentals is enforcement. It is difficult for communities to obtain information on how many nights per year or how often rentals are being rented.

### Considerations:

The Village would need to decide how to allow absent-owner rentals.

1. Allow only natural people (no companies) to own vs. allow companies to own
2. Limit number of nights rented absent per year (absent-owner rental limited) vs. no limit on number of nights rented absent

### Recommendations:

1. Allow natural people only (no companies) to own: This allowance prevents neighborhoods from becoming empty lodging areas, but also prohibits LLC property owners from renting.

2. No limit on number of nights rented absent: If absent-owner rental is allowed, limiting days requires information to enforce that is difficult to obtain and requires the Village to track operations more closely. There are still disadvantages to allowing absent-owner rental without a limitation on days rented, as this can take a long-term residence away from someone, and activity can occur on the property that cause nuisances without the operator knowing. If absent-owner rentals are allowed on a limited basis, the Village would need to have owner report nights rented present and absent.

### Enforceability:

The Village would need to assure enforceability by requiring the following information: Confirm proof of residency and provide 24/7 emergency contact information. The Village might also consider limiting ownership of multiple rental units in the Village.

### **\* Notes:**

The perceived differences between absent-owner and present/on-site owner involvement are anecdotal. There are absent-owner rentals that operate to a higher standard than present-owner rentals and vice versa. The intent of the regulations would be to establish a baseline standard for operation that can be met and exceeded for higher quality operations. Restricting short-term rentals to only present-owner operations is a way to reduce the *likelihood* of nuisance and impact on neighborhoods, but ultimately it is the discretion of the operator to determine to whom and how often they rent.

Impacts on neighborhoods can be mitigated with regulation, registration, and enforcement. While online platforms have their own rules, such as the guest and host review system, municipalities have separate ones specifically in the interest of the community, not hosts, guests, or shareholders. Municipality regulations provide a blanket set of rules that may differ or be absent on the variety of online platforms available.

### Confirming Proof of Residence:

If the operator is the property owner, they must show documentation verifying their listing as their primary residence. Examples of acceptable documentation include: a driver's license, motor vehicle registration, tax documents (income tax return, property tax bill), utility bill, voter registration, or state issued ID card.

If the operator is a long-term renter, written consent from property owner and a copy of the lease agreement confirming long-term rental could be a requirement. Not everyone who lives in a residence is the property owner, and so long as subletting is allowed in the lease agreement, renters could become short-term rental operators if they have permission from the property owner.

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### *Allowing Short-Term Rental of Guest Houses*

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Guest houses have been allowed in Village ordinances almost since incorporation and rules have changed over time, but the intent has continuously been to provide lodging for guests or members of a single household.

**Long-Term Rental:** By allowing **long-term** rental of guest houses, the zoning of the Village would change. The Village's residential zones are single-family residential, defined by one dwelling unit. The additional guest house dwelling is intended for temporary guests, or if long-term, such as in-laws, they are part of the same household. By allowing a guest house to be rented long-term to a separate household, all residential properties in Los Ranchos will become multi-family with two dwellings per lot. While multi-family zoning is not necessarily detrimental to the community on its own, it should be done with the intent of providing more housing density and the benefits that can come with it, not as an unintended consequence. Should Los Ranchos pursue long-term rental of guest houses, zoning will become multi-family, and this would need to be pursued purposefully.

**Short-Term Rental:** Short-term rental of guest houses would not change the zoning of the Village, as the property would still provide for only one family's long-term use. The opportunity to rent on a short-term basis may be an incentive for those without guest houses to build them, since it could be an additional income source. For residents who currently own a guest house but are restricted from renting it, the Village would have to amend the condition of approval.

Considerations:

The Village would need to decide how guest houses relate to the property:

1. Would the Village consider allowing short-term only, long-term only, or both of guest houses?
2. If rental is allowed, should the Village also consider changing other restrictions on guest houses, such as those that require same address as main house, no garage, 1,000 square feet of heated floor area, or the definition of kitchen?

**Village Recommends this Policy Option (see full recommendation below)**

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*Prohibiting Rental of Guest Houses*

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If the Village upheld the current Ordinance and disallowed the rental (both short and long-term) of guest houses, this would maintain the condition on guest houses and would not impact the zoning of the Village. The option for short-term rental operators to live in the guest house and rent the main house would be still available. It is not an unforeseen burden on the property owner to not be able to rent the guest house, as when someone gets a conditional use permit for a guest house, they agree to abide by the conditions of that use, including not being able to rent it.

Considerations:

The Village would need to decide how the guest house relates to the short-term rental:

1. If the Village allows on-site owner only short-term rentals, can the operator stay in the guest house and rent out the entire main house?
2. If the Village allows absent-owner short-term rentals, the guest house would not be allowed to be included in the rental.

**Notes:**

Guest House vs. Outbuilding: What differentiates a guest house from an outbuilding is the intent to use it for living (sleeping, sanitation, cooking). These types of buildings also have different occupancy rules per the IFC (International Fire Code). Most outbuildings, such as sheds, barns, or studios, are not meant for human habitation. In the IBC (International Building Code) agricultural buildings are identified as not being intended for human habitation. It would be reasonable, therefore, to prohibit rental of an outbuilding for habitation for short or long-term; or to require that any outbuilding used for habitation be brought up to the applicable codes and become a dwelling (a guest house).

Guest House vs. Legally Non-Conforming Dwellings: Legally non-conforming dwellings are additional dwellings on single-family residential lots that existed prior to being annexed into Los Ranchos or existed prior to rules on guest houses. These are not guest houses approved through a conditional use and thus are not bound to those conditions, so these can be rented long or short-term. These dwellings are subject to §9.2.23 on Non-Conforming Uses and Dwellings, which has regulations on expansion and repair of the structure and continuance of the use.

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*Allowing Rental of Outbuildings*

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Current Village regulations do not allow nor prohibit rental of outbuildings, whether long- or short-term.

Allowing short-term rental of outbuildings would allow a larger scale operation than limiting to only main dwelling and/or guest house. There are different occupancy groups for different types of buildings, and they would need to be brought up to building and fire code for the new occupancy for habitation, as most accessory buildings are not intended nor inspected for habitation. All buildings inspected post-construction are issued a certificate of occupancy, however “occupancy” is not

the same as inhabiting. Accessory buildings such as garages are not inspected for the same requirements as dwellings, so accessory buildings used for habitation will need to be renovated to bring them up to code.

So long as someone has remaining allowable built square footage (per the Floor Area Ratio), they could build multiple outbuildings without kitchens and short-term rent them, allowing for a larger operation than solely renting the main house and/or guest house.

Considerations:

The Village would need to decide how to allow rental of outbuildings:

1. Should there be a cap on the number of outbuildings one could rent?
2. How can the Village ensure that kitchen amenities (not necessarily a full kitchen, this includes solely microwaves or coffee pots per the current guest house definition) are not added to outbuildings, turning them into unpermitted guest houses?

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*Prohibiting Rental of Outbuildings*

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Prohibiting the rental of outbuildings would include both long- and short-term rental of these buildings, as long-term rental would create the same multi-family zoning dilemma as allowing long-term rental of guest houses. Prohibiting rental of outbuildings would limit the scale of short-term rental operations to only main dwelling and/or guest houses.

Considerations:

The Village would need to add language to existing definitions and add new definitions for accessory buildings and short-term rental to explicitly prohibit rental of outbuildings.

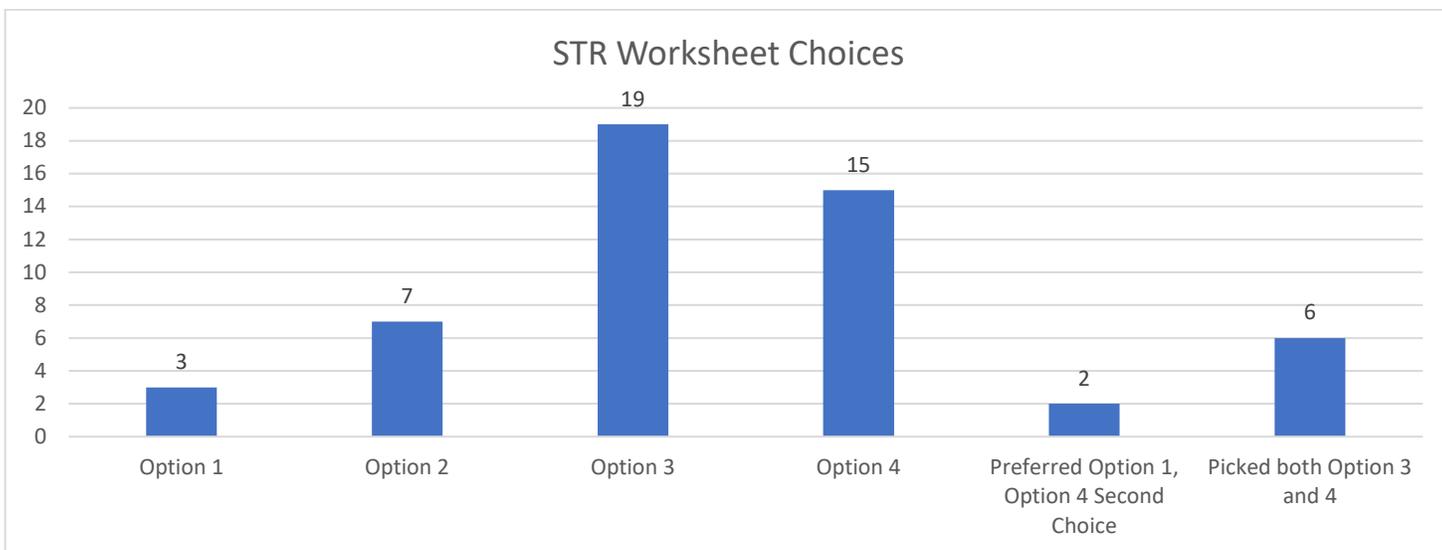
**Notes:**

Outbuilding Definition: What is considered an outbuilding and/or an accessory dwelling is a bit of a grey area. In the Village the distinction is whether the building has a kitchen (including minor amenities that do not constitute a full kitchen, such as a microwave). The moment a building has a kitchen or cooking amenities associated with a kitchen, it becomes a dwelling (per Village code, this is not a blanket distinction). Outbuildings include more typically non-habitable structures like sheds, shops, garages, barns, and greenhouses, as well as structures that could be inhabited with minimal renovation, such as a detached studio, office, or “man cave.”

The Village does not regulate the number of outbuildings one may have on their property, but we do work to ensure that residents are not building multiple dwellings on their property. When we review outbuilding plans, we look for signs that someone is planning on turning the outbuilding into a dwelling, such as providing gas hook-ups for a stove, and discuss the limitations of an outbuilding and/or require them to apply for a guest house permit.

***Village Recommends this Policy Option (see full recommendation below)***

There were two public meetings held (December 2019 and January 2020) and an on-going public comment period. The comments here represent a portion of the comments received. For a listing of all public comments, including post-meeting comments, please see the Meeting Summaries at [losranchosnm.gov/shortterm-rentals](https://losranchosnm.gov/shortterm-rentals).



Staff presented four options at the January public input meeting:

- **Option 1:** Ban Bed & Breakfasts and Short-Term Rentals
- **Option 2:** Keep Bed & Breakfasts, Ban Short-Term Rentals
- **Option 3:** Allow Short-Term Rentals using Village B&B Regulations/Process
- **Option 4:** Allow Short-Term Rentals with New Regulations Specific to Short-Term Rentals

Of the four options, the majority who filled out the worksheet favored allowing but regulating short-term rentals, either with the same rules as the existing B&B permit (or based on the existing) or with new rules separate from the B&B permit.

**Type of Building:**

The worksheet also asked what type of building should be allowed to be used for short-term rentals. Respondents could select multiple answers. We did not get any discernable direction from the community on this question—those that wanted to allow B&Bs and/or short-term rentals favored it being in the main dwelling first, guest house second, and accessory building third.

**Additional comments and concerns from worksheets:**

<b>Concern/Comment</b>	<b>Times Mentioned</b>
Owner to be present on-site	11
Strong enforcement needed	9
Control density on a block	6
No events	6
Public notice	5
Negative neighbor(hood) impact	5
Ban is preferred but unrealistic/challenging	4
Lodger's Tax	4
Occupancy Limits – 2 people/bedroom	4
Off-street parking	4
Require insurance	4
(Tiers) Violations → High fines → Revoke license	4
Higher permit fee	3
Liability of Village is a concern	3
Negative impact on Village character	3
Setback/buffer/screen from neighbors	3
Harming property values	3
Annual permit	2
Cap on total number	2
Commercial activity (STR) should be in commercial zone	2
Concerns about lack of enforcement	2
Fire inspection	2
Guests notified of rules	2
Liability of neighbors is a concern	2
Liability of owner is a concern	2
Limit renter's guests	2
Maintain residential appearance	2

Neighbor approval (adjacent or unspecified)	2
No RVs (as rental or guest parking)	2
No signage	2
Normal permit fee	2
Not on private roads	2
Owner must be person, not company	2
Owner's primary residence is STR	2
Annual inspection	1
Annual renewal public notice and/or approval again	1
Buildings up to code	1
Concern about how taxes will be paid	1
Concern about cost of enforcement	1
Display permit number in unit and on advertising	1
Inspection possible	1
Maintain/ensure emergency vehicle access	1
Negative impact on long-term renters	1
No events except with special event permit	1
No permit fee	1
No regulation, market will control	1
No transfer of permit	1
Normal violation fee	1
Outsource enforcement	1
Owner off-site but 24/7 contact	1
Owner off-site but at adjacent property	1
Owner off-site for certain number of nights per year	1
Signage for traffic	1

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## *Recommendations*

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### **Recommendations**

#### **Definition of Short-Term Rental:**

Rental of all or part of a dwelling unit for the purpose of overnight lodging for less than 30 consecutive days to the same person or persons.

#### **On-Site Owner Only:**

Operator can be property owner or renter, so long as they live on-site, but they must have only one short-term rental in Los Ranchos. On-site would mean that they live in one (of the two, if they have a guest house) of the dwellings on site and they must be present (i.e. not out-of-town or staying off-site) during rental. The applicant would also be required to provide 24/7 emergency contact information.

#### **Other Considerations:**

No events: As events are a cause of nuisance and negative media attention, and short-term rentals are intended to provide lodging, not an event space, events would be prohibited. The definition of an event could be a gathering of twice the allowed occupancy, which is typically two people per bedroom (excluding minor children).

Cap on number of permits issued: To manage the number of short-term rentals allowed in the community, the Village can have a cap on the number of short-term rental permits issued and have the option to raise that cap by governing body resolution. This would not address geographic concentration, as entire neighborhoods could obtain a permit if they are interested, and it favors the early adopters, but it would ensure that not every residence becomes a short-term rental. The cap could be a standard number, such as 50 or 100, or a percentage of households. The estimated number of households in the Village is 2,600,<sup>2</sup> so 1% of households would be 26 permits and 5% would be 130.

#### **Guest Houses:**

Allow short-term rental only: Allowing long-term rental of guest houses would impact the zoning of the Village, with two dwellings and thus two families allowed on a single-family property. Allowing short-term rental only of guest houses would not impact the zoning. Combined with the cap on the number of permits issued, it would prevent every guest house from being a short-term rental. Those who currently are restricted from renting their guest house would be allowed to rent with a short-term rental permit only.

#### **Outbuildings:**

Do not allow rental of outbuildings: Prohibiting the rental of outbuildings accomplishes a few objectives. First, it limits the scale of rentals on a property. There is currently no limit to the number of outbuildings one can have, so someone could turn all of them into rentals if rental of outbuildings were allowed. The owner must also bring the building up to building and fire code for habitation, which blurs the line between accessory building and dwelling unit. This could conflict with the restrictions on the number of dwellings on a property (main house and guest house).

#### **Approval Process:**

Like the current Bed & Breakfast permit, the Planning & Zoning Commission would approve/deny each application at a public meeting, allowing opportunity for the neighborhood to voice concerns prior to operation. The Village would notify property owners within 300' (or 400' for properties 2+ acres) of the subject property.

#### **Revocation Process:**

Revocation can follow the same current Bed & Breakfast or Home Occupation permit process, where after the Planning & Zoning Department receives a written complaint and investigates said complaint, if the license holder did violate the

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<sup>2</sup> U.S. Census Data Estimate: 2,632 households, margin of error 244.

Village ordinances (including conditions of the permit or violations of other sections of the code, such as nuisances), the Planning & Zoning Commission may revoke the license. With revocation, all activity associated with the license must cease and desist within 72 hours of Commission decision; there is an opportunity to appeal the decision to the Board.

If revoked, the recommendation is to include a condition that the operator and/or property owner would be prohibited from reapplying for one calendar year from revocation.

In addition to the license revocation, since it would also be a violation of the Village ordinances, the Village can pursue the case in municipal court for up to a \$500 fine.

**Homeowner's Associations:**

Homeowner's Associations can prohibit short-term rentals separate from Village ordinances. This means that someone could get a short-term rental permit from the Village to operate, but would have the consequence of violating covenants/restrictions.