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There are two spots in the county where the vacation rental market is operating without the county's blessing and has persisted in the face of selected enforcement incidents: Tree Haus and Hahn's Peak. The Tree Haus neighborhood on Routt County Road 14 is so close that it certainly feels like part of Steamboat Springs, but as it's just outside city limits, it's subject to the county's ban on short-term rentals.

For rent by owner: How technology and familiarity are changing the vacation rental landscape

By [Michael Schrantz](#)

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The last time the city of Steamboat Springs rewrote its vacation rental permit process, it was 2007 — Apple had just debuted the iPhone and the for rent by owner website Airbnb still was a year away from its first listing.

Since then, the technology surrounding short-term rentals has only become better and easier to use for owners and renters alike. Time and increased familiarity have made vacation rentals an attractive option for more people.

Airbnb bookings for this summer in Denver rose 306 percent compared to last year, and Boulder's bookings rose 291 percent, putting them on the site's list of top destinations for the season.

While continuing to grow in popularity, short-term rentals by owners also face opponents.

In San Francisco and New York City, popular backlash to sites like Airbnb and

VRBO has spurred crackdowns and lawsuits from city officials in recent months.

Short-term rentals are being blamed for rising housing costs, evictions and shrinking the supply of homes available for long-term tenants.

Steamboat Springs and Routt County have had their own issues with the practice and have taken different approaches to managing short-term rentals that reflect their separate land-use policies and goals.

Steamboat's process

Enforcement officer Barb Wheeler said she's been making sure vacation rental rules are being followed in Steamboat Springs for six years now.

"In the beginning, I was like, 'What am I doing here?'" she said. "It's coming a lot easier for me after all this time."

Wheeler not only handles complaints about vacation rental guests and owners but also watches the listing across multiple websites, checking for items required by city ordinances and whether or not the listing has a permit.

"It's about once a month I go through VRBO," Wheeler said about browsing Steamboat listings on the popular vacation rental website. "They are required to have their permit number on their ad. A lot of them don't."

If she finds a home listed for rent that doesn't have a permit, she contacts the owner, and they have 15 days to either apply for a permit or take down the listing.

"Then you can issue a citation for a \$1,000-per-day fine for operating a vacation home rental without a permit," Wheeler said.

"I do check Airbnb," she said. "It's kind of just getting started in the last year or two, maybe."

VRBO links to other sites in the HomeAway family, she said, but Airbnb is popular with certain types of listings, such as single rooms in a larger home.

In the city, permitting vacation home rentals dates to 2001, and the only major revision since then was in 2007.

The vacation rental permit process is only for duplexes and single-family homes, where the impacts to neighborhoods were of most concern.

Condo owners don't need a permit to rent their property, but are, clearly, still required to remit the sales and lodging taxes required of any operation charging guests to stay.

There are 108 current vacation rental permits in the city, with a large part of those first being registered in 2007 and 2008. In 2013, there were only 13 new permits issued.

Since the permit process was instituted, neighbors have complained in public meetings about traffic, parking and noise coming from short-term rental homes, but during the last review in 2010, city staff and Steamboat Springs City Council members indicated that the practice is here to stay and even relaxed the rules a little.

In practice, vacation home rentals generate few official complaints, but enforcement requires neighbors to call the police, Wheeler said.

"Noise and parking issues are the two big ones, could be trash cans being left out,"

Wheeler said about complaints. “They call me and say, ‘What do I do?’”

The police have a list of vacation home rental permit addresses that Wheeler updates monthly, she said. In the event of a complaint, officers and the person who called in the complaint will write up statements, the Planning Department will review them and then it possibly could issue a citation to the permit holder.

“We haven’t had anything like that yet,” Wheeler said.

In 2009, the city’s sales tax department went through online vacation rental listings to try and make sure they all had sales tax licenses and were remitting the correct taxes, city Finance Director Kim Weber said.

“We contacted over 440 property owners to verify they were sales tax licensed or used a property management company that was licensed with the City of Steamboat Springs sales tax department,” Weber wrote in an email. “This resulted in 110 new sales tax licenses over a matter of a couple months. Now these licenses are monitored for sales tax filings.”

The department also does spot checks on VRBO, Craigslist, newspaper ads and other websites, Weber said, to ensure listings are associated with sales tax licenses.

The city does not track the amount of revenue generated by vacation rental by owner listings because professional companies, which handle the revenue and remitting process, manage many of them.

“I highly recommend people go through a management company,” Wheeler said, adding that it provides additional benefits such as handling permit renewals and providing the required 24-hour local contact.

Wheeler estimated that about 75 percent of permitted vacation home rentals are managed by professional companies.

Management companies will send owners an income statement that shows how much was collected and what taxes were remitted, Wheeler said.

The city has audited property management companies and a few individuals to make sure the correct taxes are being remitted, Weber said, but the city’s spot checks for sales tax licenses don’t include audits of individual accounts.

“It’s just the individual owner-operator who is the one that you really don’t know,” Wheeler said.

It’s hard to judge the size of the vacation rental by owner market in Steamboat. The 108 permits for single-family homes are dwarfed by the number of condos and townhomes being used for short-term rentals, and the number of sales tax licenses in the city doesn’t account for owners who choose to contract with property management companies, who remit taxes under their own accounts.

Routt County's ban

When Peter Hutchinson bought a home in Routt County, no one told him that short-term rentals were not allowed.

“I had rented up there before I owned and never had a problem,” Hutchinson said.

He found out after a neighbor complained and planning staff called saying that he was breaking the county’s rules by renting the home.

Officially, in Routt County, there are zero short-term rentals by owners.

The county's policies have never allowed nightly rentals outside of guest ranches and bed and breakfasts, and that shows no signs of changing.

"When people buy a home in a family neighborhood, they expect to see one family next door," Routt County Planning Director Chad Phillips said.

Short-term rentals aren't compatible with the agricultural and forestry uses that dominate the county, Phillips said.

"It's the commercial use of a residential property," Routt County Commissioner Steve Ivancie said. "That's the rub."

Even after he'd been singled out for enforcement, Hutchinson said, one of his direct neighbors continued to rent their home.

Routt County only enforces its nightly-rental ban on a complaint basis because no policing of active vacation rental listings is done.

"If we went out looking, I'd have to hire a code enforcement officer," Phillips said. Right now, complaints are assigned to a planner, who sends out what Phillips called the "nice guy" letter and follows up if problems persist.

In effect, residents are left in charge of policing their neighborhoods for short-term rental activity.

"If one homeowner gets singled out by their neighbor but not another one in the neighborhood, the county is promoting some type of retribution against one homeowner and favoring another," Hutchinson said, adding that it can lead to a tit-for-tat situation between neighbors.

"County planning will threaten to take you to court to enforce" the ban, he said. "Yet they won't enforce it on an equal basis."

"We have had instances where we've been lied to," Phillips said about following up on complaints. "It can be an enforcement problem. That's the exception. Most people just aren't aware."

There are two spots in the county where the vacation rental market is operating without the county's blessing, however, and has persisted in the face of selected enforcement incidents: Tree Haus and Hahn's Peak.

The Tree Haus neighborhood on Routt County Road 14 is so close that it certainly feels like part of Steamboat Springs, but as it's just outside city limits, it's subject to the county's ban on short-term rentals.

Steamboat Lake and Hahn's Peak and Clark have their own categories separate from Steamboat on VRBO. Some of the rentals listed in the area are part of permitted guest ranches, while others are private homes that, per Routt County's rules, should not have nightly rentals.

In Hahn's Peak and Clark, bad blood between neighbors has led to protracted conflicts.

Hahn's Peak property owner Dave Barnes appeared before the Routt County Board of Commissioners in August, facing legal action for renting his home on a nightly basis.

Barnes said the tensions with the neighbors who complained date back to an unrelated dispute before he started renting the house, and the neighbors said guests caused problems and Barnes was breaking the rules.

Since then, Barnes wrote in an email, he's stopped renting the house, but he's continued to get calls from the Planning Department because neighbors complain when they see any use of the house, assuming it's a short-term rental.

But Barnes wrote that the issue of short-term rentals isn't going away, and other people are going to continue renting their homes in the county.

As unseemly as it is when neighbors turn on neighbors, Ivancie said, the rules are the rules.

Changing those rules would involve a larger discussion about the county's master plan, which doesn't permit a commercial use such as short-term rentals in most of the county.

"We'd have to be realistic about this," Ivancie said. "If we had to change, we'd have to look at the consequences."

But there have not been many people coming to the county asking for the change, he said. "So far, it's not been a priority for us."

Tensions and taxes

Steamboat Springs and Routt County aren't the only Colorado mountain areas to grapple with the issues surrounding vacation rentals by owners. The ramifications also extend beyond the government entities charged with enforcing the rules to other lodging industry players.

This spring, Larry Mashaw, vice president of sales and marketing for Resort Group, was part of a panel titled "For Rent By Owner: Tension, Taxes and Technology" as part of the Mountain Travel Symposium.

The panel also included Carl Shepherd, co-founder of HomeAway (which owns VRBO); Tim Gagen, town manager of the city of Breckenridge; and Pete Comeau, vice president of sales for PhoCusWright, a market research company.

"The tension on the property management side is maybe somewhat dissipated," Mashaw said. "Most property managers have come to accept this is a way of life."

Property managers do have to continue to communicate to owners and guests about the value of using a professional management company, he said, and owners' experience level and oversight can be sticking points.

"There are great rentals by owners, and some are marginally engaged," Mashaw said.

Having a management company means someone is there to help guests with a problem in the middle of the night, Mashaw said, and from Gagen's standpoint, professional oversight minimized problems with unruly guests.

"When someone comes to check in with professional manager, there's expectation someone is keeping an eye on a place," Mashaw said.

What property managers want, he said, is a level playing field. And that means collecting taxes.

The panel was held two times during the symposium, and there was good audience participation during the smaller Saturday session where other communities talked about their own experiences, Mashaw said.

"The municipalities kind of varied in collection efforts and motivation," Mashaw said. "In the case where taxes go to general fund, there's a lot of motivation."

Where lodging taxes go to marketing and special events, he said, some cities might be more worried about the general fund.

Mashaw said he guessed most owners renting their properties in Steamboat are remitting taxes “because the consequences are scary.”

Sunday’s sessions had a larger audience of about 1,200 people, Mashaw said, filled with people who supply lodging, those who buy wholesale lodging and others in technology in marketing.

“It was interesting that pretty much everybody has some interest in where this is going, and what kind of issues (will come up) as it continues to grow,” he said.

The common thread between the two days was money talks, Mashaw said. “Because it has such an effect on all the communities if the taxes aren't being collected.”

Growing in popularity

Regardless of what percentage of the region’s lodging stock is made up of rentals by owners, it appears to be a growing phenomenon, Mashaw said.

“We, like other communities, if we thought it was a big deal, we could contract with an organization to determine approximate size of the grey market,” he said.

In addition to what Craigslist, HomeAway, VRBO and Airbnb offer, there are other services, such as home-swap website HomeExchange, that exist in even more nebulous terrain and largely have gone unacknowledged by municipalities.

The city’s process for vacation rentals seems to be ironed out, as permits now are handled administratively by the Planning Department, and the only thing that typically can derail an application is access agreements for shared driveways.

Robin Craigen, CEO of vacation rental management company Moving Mountains, said he didn’t get a single complaint call from the city this past winter.

“Professional management companies are committed to maintaining harmony within the community,” Craigen said, adding that he lives in one of the neighborhoods where he also rents properties. “The last thing I want to do is negatively impact the people around me.

“It’s satisfying that we’ve been able to follow through on that. The evidence is really satisfying.”

Vacation rentals are a very important component of the lodging that’s available to visitors, he said, and if they weren’t available, it would hurt the local economy.

“At least the vacation rental code provides us with a common set of standards,” Craigen said about the city’s process. “So far, I feel like we’re over it. I would be very surprised” if someone wanted to reopen the discussion.

Hutchinson maintains that vacation rentals in the county provide a unique lodging option that’s lacking in the city.

“It’s a different experience than Steamboat,” he said. “People are coming out to enjoy the outdoors, whether it’s snowmobiling or hiking.”

It’s especially convenient for large groups, he said, and noted that North Routt hosts a lot of weddings with parties that might rather stay in a house than guest cabins.

“Everyone comes up for February, for July, August, maybe the first part of September,” Hutchinson said, but it’s very low traffic during the rest of year.

Craigien said he has been approached by property owners in the county who are disappointed that they can't offer their homes for short-term rentals.

"Because they feel like without that realization that their property rights are negatively impacted," Craigien said.

There's not the same opportunity throughout the county as there is near the base of Steamboat Ski Area, where Moving Mountains' properties are concentrated, he said. But if the county were to reconsider its stance, they might find vacation rentals are something that can be embraced.

Exploring the county's diversity "would allow new opportunities to visitors to the area to experience the full breadth of what you get in the Yampa Valley," Craigien said.

He said that he understands the county doesn't share that view, but when the rules banning short-term rentals were implemented, there was a lot of fear and concern surrounding the issue.

Craigien has been through the multiple contentious hearings at the city level when Steamboat was reviewing its regulations. The controversy means people feel passionately on both sides of the debate, he said.

Ivancie said he doesn't see a compelling interest in changing the county's policy, and there haven't been any discussions among the county commissioners about doing so.

"In general, I'm a great believer in staying in homes," Craigien said.

He and his family have rented homes in Europe, Mexico and, just recently, in Arizona.

"That home experience is what works for our family. Why not embrace that?"

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Scott Wedel 10 months, 3 weeks ago

0

I think the central issue is in what makes a rental commercial vs residential is arbitrary. If a home is rented for more than 30 days then it is still residential. So avid skiers can rent a house for the season and visit only on weekends and it is considered a residential use. But renting a house for less than a month is a commercial use.

The line isn't as clear as it is for the difference between residential vs a restaurant or store as a commercial use.

I think the number of occupants is a more relevant measurement of a commercial vs residential use than the duration of the rental. When multiple families are renting a house then the use is far more of a commercial nature than if two or three people rent a house for a few days.

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John St Pierre 10 months, 3 weeks ago

0



If the City is licensing a housing unit for short term rental why is it not considered "commercial" which means the city should inspect them as it does commercial properties.... If the city is going to collect a fee it should also provide as service for that fee ...insuring that the unit is safe to occupy... fire alarms, adequate parking and all the other requirements....

Lets not also forget this little piece of law that came into play of this year:

a**Emphasiss** of Jan 1 a percentage of ANY "rental property" is now required to meet ADA standards by Federal Law... that means any single family home that is for rent..... Recent changes to the DOJ regulations (which became effective on March 15) are intended to bring additional clarity to ADA application to timeshares, condo-hotels and other hybrids. A more detailed definition states that a place of lodging is a facility that provides guest rooms for sleeping for stays that are primarily short-term in nature (generally 30 days or less) where the occupant does not have the right to return to a specific room or unit after the conclusion of the stay. In order to be considered a place of lodging, a facility also needs to provide guest rooms under conditions and with amenities similar to a hotel, motel, or inn.**Strong**

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Rob Douglas 10 months, 3 weeks ago

2

The description below the photograph of Tree Haus at the top of this online edition of the article makes no sense in the context of the article and could be very misleading given that I believe there is a boil water advisory currently in place for Tree Haus.

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