

Subject: Short-Term Rental Compliance  
January 24, 2023

The Town's Planning & Development Director is implementing the provisions of the newly adopted Short-Term Rental Ordinance. The Town Board approved the ordinance on September 15, 2022. Since then, several questions have arisen about the requirements and enforcement of the new regulation.

The ordinance states that homes in the R-1 and R-2 residential zones, operating as short-term rentals on or before September 15, 2022, may continue at this time. However, R-1 and R-2 zoned properties that were not operating as short-term rentals before September 15, 2022, cannot rent for a period of less than 30 consecutive days. Short-term rentals are permitted in the R-3 residential zoning district and all business zones.

Our staff relies on a software program called Granicus to track short-term rentals. The software identifies short-term rentals operating through VRBO, Airbnb, and other platforms. Our staff is constantly monitoring Granicus. If the program identifies an STR that wasn't operating before September 15, 2022, our Planning & Development Director sends a Notice of Violation to the property owner. Upon receiving the violation, the owner MUST contact the Planning Director and submit proof that their home was operating as an STR prior to the adoption of the ordinance. If the property owner cannot submit the required proof, a violation is determined, and a municipal citation is issued.

The new ordinance does not call for any form of registration or permit. The Granicus software is only used to track rental activity. According to Granicus, there are between 250 and 270 active short-term rentals within the town limits. Of course, this number fluctuates depending on the time of year. By comparison, the 2022 Community Plan estimates 2,223 housing units within the town's corporate limits.

The STR ordinance has additional compliance requirements for parking, number of bedrooms, noise, trash disposal, etc. These basic requirements apply to all residential properties. Those requirements are also being enforced.

Unfortunately, several rumors and misunderstandings about the ordinance and its enforcement are circulating on social media. I will address two.

First, as mentioned above, no registration or permit is required by the new ordinance. With the help of Granicus, the Planning Department is confident that they're able to track a high percentage of STRs. Also, any rental agreement for 30 days or longer does not fall under the short-term rental category; and, therefore, isn't subject to its restrictions.

Second, when the Planning Department receives an STR complaint, our Planning Director responds. First, the software program is reviewed to determine if the property has operated as an STR before September 15, 2022. If the program confirms proof of operation, no further action is necessary, and the property is determined to be a lawful nonconformity.

If compliance cannot be verified through the software, a Notice of Violation is sent to the property owner. At that point, the property owner, operator, or manager MUST provide any requested documentation to the Planning Director. Rental Agreements, Occupancy Tax Records, and Proof of Financial Statements are some of the required documents. Upon receiving clear and authentic records, the Planning Director can determine whether the owner was operating a short-term rental before September 15, 2022. The Planning Office will not accept a claim without supporting documents. Failure to provide the requested documents will result in a disqualification as a short-term rental unit. Any ruling by our Planning Director can be appealed to the Town of Highlands Zoning Board of Adjustment.

I want to emphasize that the Town of Highlands has procedures in place to guide enforcement decisions. As in all zoning cases, our staff determines whether the elements of the ordinance have been met as a means to determine compliance status.

If you have any questions or concerns, please contact our Planning Department at (828) 526-2118.

Mayor Pat

