

FREQUENTLY ASKED QUESTIONS ABOUT CLCC SHORT-TERM RENTALS

1. What exactly is a Short-Term Rental (STR)?

An STR is defined as any privately-owned property made available for rent for a period less than 30 days at a time. Most STRs in CLCC rent for a few days to a week or two at a time. In addition to the exchange of money, renting also includes the use of a property for services rendered or trade.

2. We have always had a few vacation rentals in our community. Why is there a problem now?

You are right about historical short-term rentals, which were generally done through local real estate offices or by word-of-mouth. Rental frequency then was minimal with negligible impact to our community. Today, most CLCC STRs are marketed widely through the internet, utilizing private websites or online marketplace sites like Airbnb, VRBO, HomeAway, Flipkey and OneFineStay or even social media sites like Facebook. With the exponential rise in popularity of these marketplace sites over the past several years, the number of STR properties and renters in CLCC has increased dramatically and the impacts to our community have followed suit.

3. How many STRs and actual renters are there in CLCC?

The current known number of STRs in CLCC is 56, which is **12.3 %** of the 454 homes in the community. This number is based upon the most recent information received from Grand County, which requires the registration of all STRs in unincorporated areas of the county. We know the number will likely continue to increase as not all CLCC STR property owners (herein called **Host Owners**) have registered with the county, despite operating a rental. Moreover, it has been reported that some CLCC properties were recently purchased for the sole purpose of being utilized as STRs. As we speak, a local realtor is marketing a CLCC property as “perfect for a short-term rental”. There is little doubt STR growth will continue in our community.

While we do not know exactly how many renters are in CLCC at any given time, we do know that the average number of advertised “beds” per STR is 9.4 for the 56 homes registered to rent. This means that during peak usage periods, we could potentially have about 500 extra people in our community, over and above our homeowners and families. Of course, this assumes that all STRs are rented at full capacity, which probably happens rarely, if at all. But it is reasonable to say that during busy periods, we could have several hundred additional people and their cars in our community.

4. So what are the specific issues related to STRs and renters in CLCC?

The issues related to STRs and renters in our community are essentially the same as those that impact many other communities and HOAs in Colorado and in most other states as well as internationally. The specific issues in our community are both varied and complex. They primarily relate to overcrowding and the incremental usage of our infrastructure at a time when the overall population density of our community has also increased dramatically. There is also an important impact to the character of our community.

At the most basic level, STRs cause overcrowding and incremental usage of our already stressed community roads and trash disposal services, plus some renters create increased problems with road speed, parking and excessive noise. Homeowners who live near STRs regularly complain about noise and parking. By closely tracking data, Chris Atencio, our General Manager, concluded that approximately 80% of the problems he faced during a 2-week period last summer, were directly related to STRs.

On a more complex level, renters regularly use, or attempt to use, our lake, pool and clubhouse, even though our homeowner regulations prohibit such usage by renters. They operate ATVs and snowmobiles on our busy roads and the lake and they catch fish that CLCC pays to stock. This creates very real difficulties for our staff who are responsible for enforcing our Renters Rules. Our clubhouse staff will tell you it is heartbreaking to turn away a family of renters with children dressed and ready to swim. They will also tell you that it is clear that some renters have been given an Owner Pass and have been "coached" by Host Owners in order to gain access to our pool, clubhouse and lake. Last summer, a renter was very upset and verbally abusive to our staff because she couldn't select a boat from our racks to use on the lake for fishing.

At the most serious level, STRs have a noticeable impact upon the unique character of our community. Renters are only here for a brief time, are not an integral part of our neighborhoods and have little or no long-term interest in our community or our amenities. For most renters, Columbine Lake is not a community but a temporary weekend destination or vacation spot. This inherently differs from the reasons that most of us bought here in the first place. Simply put, homeowners are fully invested in the community, renters are not.

Finally, it should be pointed out that there may be an intangible impact on our individual property values in CLCC due to STRs, although there are conflicting opinions about that impact and its potential effect. Some argue that property values are lowered because of the presence of too many STRs and their associated problems --- buyers not interested in renting may avoid purchasing in such a community. Others argue that property values are lowered if an HOA overly restricts or prohibits STRs --- buyers wanting to operate an STR may likewise avoid buying into such a community. The conclusions of both arguments are based on a reduced pool of buyers, but for opposite reasons. Both arguments are quite subjective and the "right" answer largely depends on your personal feelings about STRs in our community now and in the future.

5. How can renters use our amenities when the CLCC regulations prohibit such usage?

While most Host Owners follow the rules and advise their renters of our Renters Rules, we have found that other Host Owners do not disclose our regulations to their renters and even promote our amenities (lake and pool) to market their STR property. As mentioned, some Host Owners even go so far as providing their Owner Pass to their renters to use as "guests". Some Host Owners who have properties on the lake allow their renters to fish from their docks and even rent their boats to them. In these cases, the Host Owners are the direct cause of the problem. The CLCC staff and Lake Patrol Volunteers are doing a great job at checking passes and asking the right questions and will continue to do so, especially now that we have in place very clear violation actions and penalties.

6. Are all Host Owners and renters causing problems in our community?

No, most of our Host Owners and renters try to comply with CLCC regulations and are concerned about our community. But as is typical in any group, it is the few violators who cause the problems for all and Host Owners cannot always control what their renters do. It is for this reason that we have specific Owner Regulations addressing Host Owners and Renters, in the same way that most of our Owner Regulations address problems generally caused by just a few violators across our overall community (for example, fishing limits, speed limits and ATV rules to name just a few).

7. Do our HOA Covenants prohibit STRs as a commercial use of property or can the Covenants prohibit or restrict STRs for other reasons?

No, our almost 50-year old governing Covenants do NOT prohibit homeowners from using their property as an STR. They were written long before the advent of internet-driven STRs. Interestingly, the Covenants do expressly prohibit time-shares for reasons, as quoted... “in order to maintain the quality of the subdivision, the value of the lots and to preclude excessive use of the services and recreational facilities”. Clearly there was a concern at the time for the potential of overuse of our infrastructure by too many people, but STRs cannot legally be construed as time-shares.

Our Covenants do have restrictions concerning commercial usage of properties in our community but, in response to past legal challenges, the Colorado courts have ruled that STRs do not constitute commercial usage of a property, depending on the language in the community Covenants.

To prohibit or restrict STRs in our community, our Covenants would have to be amended by means of a community-wide referendum.

8. Do the CLCC Owner Regulations prohibit or restrict STRs?

Our Owner Regulations cannot prohibit STR usage of private properties as such an exclusion was not stipulated in the Covenants. However, specific Owner Regulation policies can and have been enacted to enable us to manage the STR issues as they exist today. This has been a board focus and priority now for the past 6 to 9 months. In November 2018, the board passed a new policy (Article VI, Owner Regulations) that requires all Host Owners to register their properties with us on an annual basis in order to obtain a CLCC STR Permit. (The initial registration and permit process is occurring as we speak during January). Article VI policy also requires Host Owners to use very specific, CLCC-approved language on their marketing sites regarding the amenity restrictions and requires them to prominently display the restrictions and new Renters Rules in the rental property.

The board will continue to enhance our Owner Regulation policies concerning STRs as needed. You should also know that we are working closely with CLCC’s HOA attorneys to ensure that all of our proposed regulations are appropriately vetted from a legal perspective.

9. Are the new STR regulations difficult for Host Owners to follow?

Not at all! The annual CLCC registration process required by Article VI was designed to be very simple and should take less than 10 minutes for a Host Owner to complete, assuming that all information is correctly submitted. Adhering to the rest of the regulations is also very easy, requiring only that approved language be used to market the STR and that all rules and regulations be appropriately posted in the property. Our regulations do not, in any way, restrict the Host Owner's ability to rent their property and make money from it. We just want the Host Owners to set the right expectations with their renters upfront and to manage the behavior and actions of their renters during the rental period. In other words, to do what is right for the overall Columbine Lake community.

10. What if a Host Owner does not comply with the Article VI regulations or the renters violate our Renters Rules?

When either Host Owners or renters are found to be consistently non-compliant with CLCC regulations, we have an escalating series of actions and financial penalties that will be assessed against the Host Owners, up to the suspension of the CLCC STR Permit.

Should a CLCC homeowner who rents his/her house on a short-term basis choose NOT to register with Grand County and CLCC, we will notify the county, an investigation will occur and the homeowner will be subject to both county and CLCC penalties.

11. If I know or believe my neighbor is renting his/her property, how do I know if the property is registered with Grand County and CLCC as an STR?

This is obviously a very sensitive issue. If you suspect or know that your neighbor is renting his/her property on a short-term basis, our recommendation is that you first open a friendly dialogue and ask about the Host Owner's rental process including the permits. We truly want to encourage neighborhood communication and not confrontation.

If there are still concerns, you are welcome to submit a note with those concerns to the CLCC office via email at: office@columbinelake.com. We, together with Grand County, will investigate accordingly and reach a resolution, fully respecting individual privacy.

12. Are there any state, county or city regulations that cover STRs in our community?

There are no applicable Colorado state regulations that cover STRs in CLCC. The state defers to local counties, communities and HOAs to regulate their STRs. As mentioned, Grand County has implemented regulations covering STRs in unincorporated Grand County, including CLCC. The regulations require that STRs register their property and obtain a permit, meet specified safety and security requirements, be subject to periodic inspections and submit regular county tax documents. Grand County is developing an enforcement program to ensure compliance with county regulations. We know that most CLCC STRs have registered with the county but that others have chosen not to register. CLCC will fully leverage Grand County STR regulations to help us manage compliance with our own regulations and will assist Grand County in their enforcement program.

To address city concerns and resident's complaints, The Village of Grand Lake is in the process of enhancing their existing STR regulations. While these regulations do not apply to STRs in our community due to jurisdiction, the CLCC board is closely monitoring both Grand Lake's and Grand County's regulations in order to "borrow" and adopt any regulatory best practices that may assist us in managing the STR situation in our community.

13. Are STR issues unique to CLCC? If not, what are other Colorado cities or HOAs doing about STRs?

STR issues are not at all unique to our community. As is well-documented, communities across Colorado are facing significant challenges due to rapid STR growth. Last year, for example, Estes Park enacted a series of regulations to address its STR issues and Denver is right now implementing new and enhanced STR regulations, to be effective next month. Other examples are too numerous to mention here, but include Grand County, Grand Lake and many other Colorado cities and HOAs, especially in the mountains. Most have already implemented, or are in the process of implementing, regulations to address STR issues in their communities.

The CLCC board is tracking such local STR regulations, which vary based upon the specific issues being addressed. These rules often include regulations to: restrict the number/percentage of properties that can be used as STRs; restrict the number of nights per year that a property can be rented; restrict maximum occupancy; require notification to adjacent neighbors; or require special commercial property insurance. Most Colorado communities charge annual permit fees ranging from \$25 to \$850. As with Grand County and Grand Lake regulations, the board is monitoring the latest STR regulations across Colorado to again, "borrow" best regulatory practices that could apply to our community.

14. Are there any direct benefits to CLCC from STRs?

The simple answer is No. The benefits derived from an STR are primarily financial and those benefits accrue solely to the Host Owner. CLCC does not currently benefit financially in any way from STRs.

To be fair, there may be an indirect benefit as several Host Owners have stated that they purchased their CLCC home after renting in the community in the past.

15. Given that Host Owners make money from their STRs, do they pay any additional assessment amounts to cover incremental usage of our roads, trash disposal facilities and other amenities?

No. STR owners pay the same annual assessment amounts that all homeowners are required to pay.

16. Can CLCC collect incremental monies from Host Owners?

The board recognizes that there is a financial cost associated with STRs in our community, primarily related to incremental staff expenses and road and trash usage. Our current Owners Regulations as written do not allow us to charge Host Owners additional fees, but the board can at any time modify the regulations to require Host Owners to pay additional monies, such as STR permit or use fees. For perspective, Grand Lake requires Host Owners to pay \$600 per year for a permit to operate an STR in the city limits (which does not include CLCC).

17. What is the ultimate objective of the Board and are new regulations being considered?

The short-term goal of the board and its Short-Term Rental Committee (STRC) has been to identify all STRs in our community and work collaboratively with Host Owners to ensure full compliance with CLCC and Grand County STR regulations. (For transparency and balance, the STRC membership is comprised of board members and homeowners who rent their properties and board members and homeowners who do not rent their properties).

The board's long-term goal is to fully support the Columbine Lake Vision Statement which requires us to be "focused on the preservation and enhancement of our tranquil mountain environment, lake and amenities". Thus, it is the board's goal to ensure that the unique character, financial integrity and valued amenities of our community are maintained for the benefit of all homeowners. To accomplish this relative to STRs, the board will continue to fully support the STRC and direct it to regularly monitor ongoing STR issues and consider new or enhanced regulations when needed.

It is NOT our long-term goal to eliminate STRs in CLCC, but to consistently and aggressively manage the STR issues in order to minimize adverse impacts to our overall community.

18. What are the next steps from a board perspective?

As just stated, the board will continue to evaluate different options to regulate STRs as needed to ensure that the unique character, financial integrity and valued amenities of our community are well-maintained for the benefit of all homeowners. We see no reason to try to reinvent the wheel, so the board will leverage, as needed, what other Colorado communities and HOAs are doing successfully to regulate their STRs. There are several options that might be applicable to our particular situation and that deserve consideration.

One option, supported by a majority of the board members, is to pursue a course of action to restrict the percentage of homes in CLCC that may be registered as STRs. The intention of such a restriction would be to freeze the number of STRs at the current level and not allow new STRs in our community unless the overall number of homes increases or an existing STR drops off the registered STR list. Those board members who support this approach feel that the existing 12% level of STRs in CLCC is already high enough and that allowing the STR percentage to increase unchecked would have significant impact over time to the character of our neighborhoods and the overall community. Those board members who don't fully support such a restriction are concerned about preventing current homeowners who do not rent, as well as future homeowners, from being able to rent their properties if they wish to do so in the future.

Other possible options under consideration by the board to regulate STRs include, but are not limited to:

- Requiring Host Owners to pay a permit fee or other use tax for renting their properties
- Limiting the number of nights per year a property can be rented
- Not allowing properties to be rented for periods less than a certain number of days
- Restricting the number of guests that can rent a property at any given time

As you can imagine, there are strong opinions in the community about STR regulations. Given the highly sensitive nature of the STR situation, the board would like to follow the direction and preferences of the homeowners in Columbine Lake.

To that end, we will soon distribute a brief online survey to all CLCC homeowners to determine your feelings about further STR regulations, as well as your opinions on several other issues as well. We ask that you please complete the survey questionnaire immediately in order to help us determine the direction you would like the board to follow. We want to get a very high response rate to the survey from all homeowners – whether you rent or not. The more homeowners who respond, the clearer it will be for the board to understand the desired direction of the entire CLCC community.

THANK YOU VERY MUCH FOR YOUR KIND ATTENTION TO THIS MATTER.