Arapahoe County

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ARAPAHOE COUNTY

Board Summary Report

File #: 26-378 **Agenda Date:** 7/28/2026 **Agenda #:** 5.c.

To: Board of County Commissioners

Through: Ceila Rethamel, Acting Director, Public Works and Development

Prepared By:
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Subject:
Amendment of the Zoning Fee Schedule to include Short-Term Rental Licensing Fees

Purpose and Request:
Staff requests that the Board of County Commissioners (BOCC) approve the adoption of the proposed fees to cover the costs of the implementation and administration of the Short-Term Rental (STR) licensing program.

Alignment with Strategic Plan: Good Governance - Understand and respond to community needs, interests, and values.

Background and Discussion: In 2023, staff began evaluation of Short-Term Rental (STR) regulation authority in response to increased complaints regarding neighborhood impacts such as noise, parking, and other conflicts with compatibility. Colorado Revised Statute § 30-15-401(1)(s) grants counties authority to license and regulate STRs and establish associated fees and procedures.

In May 2026, staff presented LDC23-001 and Ordinance 2026-01, both of which regulate STRs, to the Board of County Commissioners for approval and adoption. During the presentation, the proposed fees associated with the licensing program were discussed. Both LDC23-001 and Ordinance 2026-01 were approved by the Board.

The County has incurred significant initial costs directly related to establishing the licensing program for STRs. These costs for this program are approximately $38,180 inclusive of configuration of our current Accela system to accommodate utilizing this software system for the licensing program. One-time costs also include $1,000 for the initial third-party short-term rental tracking/management service (Host Compliance) setup and $5,500 in staff time for integration, testing, and training. Projected ongoing annual costs for the program are estimated at $29,310, which includes $24,310 for the Host Compliance software and $5,000 in annual staff time (for processing license renewals and first-time applications).

The proposed fee structure is designed to offset the County's costs directly attributable to the licensing program and its continued operation. The recommended fees consist of a $200 one-time application fee and a $350 annual license fee, for a total fee of $550 for a new license in the first year. Everyone who applies would pay the $200 application fee. If the application is approved, the customer would then pay $350 for the annual licensing fee ($550 total in the first year). In each following year, the license renewal fee would be only $350. Assuming 100 licenses are applied for in the first year, this would generate approximately $55,000 in fee revenue. Renewals of these licenses is thereafter anticipated to generate $35,000 in fees annually. Anticipating a small increase in licenses per year, the projected revenue for the second year of operations would be $40,500. Based on this fee recommendation and the projected program costs, the fee revenue generated from this program is estimated to break even within four years. No surplus revenue is projected or anticipated during that time. If costs of administration in later years differs from that projected, the fee can be reconsidered at that time and adjusted accordingly.

In reviewing the fee structure, County staff also evaluated how the proposed fees compare with nearby jurisdictions. Staff found the total licensing fees for most jurisdictions ranged from $250 to $500 annually or the community imposed lower fees while also collecting a lodging tax. The proposed fee amounts are consistent with other jurisdictions and fall well within the range of comparable municipal STR licensing programs. This alignment helps ensure that Arapahoe County's fees remain reasonable for property owners while still meeting the program's practical objectives and fiscal needs.

Alternatives: The Board of County Commissioners may:
(1) Adopt the fees as proposed (staff recommendation).
(2) Continue to a date certain.
(3) Deny the fee adoption as proposed.

Fiscal Impact: Colorado statute empowers counties to regulate STRs, which includes the authority to require licensing and registration fees through adoption of an ordinance. Adoption of a licensing system and use of a supporting third-party service has had initial startup costs. Initially, even with continuing administration costs, the program has been evaluated to break even within 4 years due to the fees proposed.

Alignment with Strategic Implementation Strategies: The attached framework helps Arapahoe County institutionalize values-based, transparent decision-making, documenting how we make decisions and carry out actions to achieve the county's strategic plan.

Concurrence: Staff have coordinated closely with the County Attorney's Office and referral agencies throughout development of the regulations and licensing program.