

Introduced by: Trustees Hunter and Swartz

**TOWN OF PAONIA, COLORADO  
ORDINANCE NO. 2024-05**

**AN ORDINANCE OF THE TOWN OF PAONIA, COLORADO  
ENACTING ARTICLE 5 (SHORT TERM RENTAL LICENSES) OF  
CHAPTER 6 (BUSINESS LICENSES AND REGULATIONS) OF  
THE PAONIA MUNICIPAL CODE AND REVISING ARTICLES 1  
(GENERAL PROVISIONS), ARTICLE 3 (DISTRICT  
REGULATIONS) OF CHAPTER 16 (ZONING), AND ENACTING  
ARTICLE 9 (SHORT TERM RENTAL REGULATIONS) OF  
CHAPTER 16 (ZONING)**

**WHEREAS**, the Town of Paonia, Colorado (the "Town") is a statutory municipality organized pursuant to Colorado Revised Statutes (C.R.S.) §31-1-203; and

**WHEREAS**, C.R.S. §31-15-201 establishes Administrative Powers for statutory municipalities, and

**WHEREAS**, Chapter 6 of the Town of Paonia's Municipal Code (the "Code") sets forth the Town's policies for Business Licenses and Regulations; and

**WHEREAS**, Chapter 16 of the Code sets forth the Town's policies for Zoning regulations; and

**WHEREAS**, in response to growth pressures and concerns related to the scarcity of affordable and workforce housing, the Town has determined that there is a need to protect the limited supply of affordable housing by regulating the conversion of long-term residential rental properties to short-term rentals and the purchase of homes for the purpose of short-term rentals; and

**WHEREAS**, short-term rentals contribute to the local economy and support tourist-oriented businesses and allow local homeowners to supplement their income and provide flexibility in renting second homes and portions of their primary residence; and

**WHEREAS**, the Board of Trustees of the Town held extensive public input meetings and workshops to determine appropriate methods of regulating short-term rentals and through those meetings it was determined that uncontrolled and unregulated short-term rentals may also have a direct effect on the quality and character of the community and individual neighborhoods and properties in Town; and

**WHEREAS**, the Board of Trustees finds that:

1. Protection of the health, safety, and welfare of the residents of Paonia is a basic and valid responsibility of local government.

2. These amendments to the Paonia Municipal Code do not discriminate against any individual or group of people and such restrictions allow for reasonable accommodation for all individuals as may be required by Federal and State law.
3. The enactment of this Ordinance is necessary to accomplish the goals set forth herein.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF THE TOWN OF PAONIA, COLORADO, THAT THE AMENDMENTS TO THE TOWN OF PAONIA MUNICIPAL CODE ARE HEREBY APPROVED AND ADOPTED.**

**Section 1.** The foregoing recitals are incorporated by reference as findings and determinations of the Board of Trustees.

**Section 2.** A new Article of the Paonia Municipal Code, to be known as Chapter 6, Article 5, entitled "Short-Term Rental Licenses," is hereby adopted and enacted which shall read as follows:

**Chapter 6, Article 5. SHORT TERM RENTAL LICENSES**

**Sec. 6-5-10. Purposes, Interpretation of Rules.**

- (a) Interpretation. This Article shall be construed and applied to promote its underlying purposes and policies.
- (b) Purposes and Policies. The purpose of this Article is to establish license requirements for short-term residential property rentals within the Town of Paonia.

**Sec. 6-5-20. Definitions.**

The following words and phrases, as used in this Article, shall have the following meanings:

*Applicant*

A natural person with an ownership interest in a property to be utilized as a short-term rental, including a natural person matching the name of an owner or co-owner on the current vesting deed for the property, or a person with a demonstrated controlling ownership interest in any entity or trust that holds record title to the property.

*Local Contact  
Person*

The owner, person designated by the owner, or the owner's authorized agent or representative who shall be available twenty-four (24) hours a day, seven days a week for the purposes of (1) responding within 60-minutes to property code violations and/or complaints regarding the condition, operation, or conduct of occupants of the short-term rental, and (2) taking remedial action to resolve such violations and/or complaints.

*Primary  
Residence*

A privately-owned residential dwelling or property at which the owner resides for at least two hundred (200) days per year.

*Short - Term  
Rental*

A privately-owned Residential dwelling that is wholly available and rented for the purposes of lodging for any period less than thirty (30) consecutive days, a Single Bedroom Short-Term Rental is also a Short-Term Rental but must follow the definition provided for it.

*Single - Bedroom  
Short - Term  
Rental*

A privately-owned bedroom within a Primary Residence, or within the Core Commercial District (C-1) that is rented for the purpose of lodging any period less than thirty (30) consecutive days, where all other facilities are shared with the owner of the dwelling.

**Sec. 6-5-30. License Required.**

- (a) It shall be unlawful for any person or entity to operate a Short-Term Rental, or Single - Bedroom Short-Term Rental without first applying for and procuring a license from the Town of Paonia. For all Short-Term Rentals one (1) license is required for the entire Residential dwelling, for Single-Bedroom Short-Term Rentals a license is required for each bedroom listed or intended to be rented out. New licenses shall be subject to ongoing compliance with all applicable Town regulations concerning the licensing and occupancy of Short-Term Rentals.
- (b) In order to operate on or after May 1, 2025, all Paonia Short-Term Rentals must be licensed, or application made no later than April 1, 2025. To qualify for a license, to establish eligibility to hold a license, an applicant must:

(1) Provide proof of ownership of said property, and, if the property is owned by an entity or trust, proof of the applicant's controlling ownership interest in the property must be provided;

(2) Provide either:

- i. Proof that the Short-Term Rental applicant is the property owner; or
- ii. Proof that the applicant's Primary Residence is the same property or on the same property as the Short-Term Rental; and
- iii. Provide proof that all applicable Paonia sales and lodging tax was paid on the Short-Term Rental for which a license is sought for rentals prior to December 31, 2024.

(c) There shall be thirty (30) total combined Short-Term Rental and Single-Bedroom Short-Term Rental licenses initially available.

(d) Licenses will be issued for those properties which are either the applicant's primary residence, or are located within the Core Commercial District (C-1), and the Community Commercial District (C-2), by Special Use Review in the Low-Density Residential District (R-1), the Medium-Density Residential District (R-2), the Higher Density Residential District (R-3) and by Special Use Review in the Estate Residential District (E-1), as defined in Chapter 16 of the Paonia Municipal Code and the Town's Zoning Map.

**Sec. 6-5-40. Conditions of Short-Term Rental Licenses.**

(a) *Occupancy.* All Short-Term Rentals and Single-Bedroom Short-Term Rentals shall have a maximum occupancy equal to two (2) persons per bedroom plus an additional two (2) persons per property. Children under the age of five (5) shall not count toward this occupancy limitation. The number of bedrooms that may be occupied within each Short-Term Rental or Single-Bedroom Short-Term Rental shall at all times be limited to the number of bedrooms for which fees have been paid pursuant to this Article.

(b) *Private Covenants.* The Town is not a party to and does not enforce most private covenants and agreements. Applicants should therefore review all covenants and agreements that apply to the property they wish to license as a Short-Term Rental because such documents may restrict or prohibit Short-Term Rentals. The Town's issuance of a Short-Term Rental license shall have no legal effect upon any such restrictive covenants or agreements applicable to a property.

(c) *Community Housing Units Not Eligible for Licenses.* No housing, or portion of housing, which is a part of a Community Housing Program or part of any affordable housing

program through the State of Colorado or Delta County, Colorado is eligible for a Short-Term rental license.

(d) *Ongoing Licensee Obligations.* Each Short-Term rental licensee shall have an ongoing obligation to ensure that all of the information provided to the Town in connection with a license application is kept up to date at all times.

(e) *License Numbers.* Each license issued by the Town shall have a local license number for each Short-Term Rental. All advertisements for Short-Term Rentals shall expressly specify the license number for the property listed.

(f) *No Transfer or Assignment.* Each license issued pursuant to this Article shall be personal to the licensee, and no license issued under this Article shall be transferable or valid as to any person or entity other than the named licensee.

(1) If a use as a Short-Term Rentals will continue after the date of a change of ownership of a licensed property, the new owner shall be required to obtain a new license.

(2) There shall be no guarantee that a new license will be available for the new owner of the property.

(3) The issuance and renewal of a license pursuant to this Article is a privilege, not a right, and the Town may determine at any time that the allowance of the use of the property as a Short-Term Rental property is not, or is no longer, in the best interests of the health, safety or welfare of the residents of the Town, and may amend or repeal this Article accordingly.

(g) *Waiting List Established.* Should the maximum number of licenses be filled and there is still a desire for Applicants to submit for a license, a waiting list is established.

(1) A Waitlist application must be submitted and the required twenty-five dollar (\$25) non-refundable fee paid, and the entry will be time stamped and placed on the waitlist in the order it was received.

(2) Applicants will receive an email from the Clerk's office confirming receipt of application as well as a registration number, and their waitlist placement.

(3) Any Applicant that changes the property owner's name or property address after submitting the application will lose their placement on the waitlist and go to the end of the line.

(4) When a license becomes available, the Town will contact the next Applicant on the waitlist via email to inform them that they have fourteen (14) days to

submit a complete Short-Term Rental license application and have it received by the Town.

(5) If a complete application is not received within fourteen (14) days, the Short-Term Rental license will be denied, the Applicant will lose their placement on the waitlist, and no refund will be issued, and the next Applicant on the waitlist will be notified of an available license.

(h) *Local Management Required.* Short-Term Rentals must at all times have a designated Local Contact Person whose contact information must be on file with the Town. It is the responsibility of the Applicant to ensure that the contact information is current.

(1) A Local Contact Person(s) shall be responsible for ensuring compliance with provisions of this Code associated with the Short-Term Rental, including but not limited to compliance with all applicable sales and lodging tax requirements, maintenance of parking areas, removal of snow and ice from sidewalks and pathways, garbage disposal, and other property maintenance requirements.

(2) A Local Contact Person(s) must be available twenty-four (24) hours a day, seven (7) days a week and able to respond within sixty (60) minutes, in person as necessary, to emergencies, any Municipal Code Violations, and/or complaints regarding the condition, operation, occupancy or conduct of the occupants of the Short-Term Rental, and to take remedial action to resolve such violations and/or complaints.

i. A Local Contact Person(s) must comply with provisions of this code in §16-9-10 (d) (3).

(i) *Compliance.* Except as otherwise set forth in this Article, all provisions of the Municipal Code, including but not limited to all provisions to health, sanitation, garbage and refuse, animals, motor vehicles, noise abatement, dark skies and light trespass, zoning, other nuisances, and utility bills are paid current, shall remain fully applicable to all properties licensed for Short-Term Rentals, and compliance with all such provisions shall be deemed a condition of all Short-Term Rental licenses.

**Sec. 6-5-50. Application Procedure.**

(a) All license applications shall be filed with the Town Administrator, or designee, on forms supplied by the Town.

(b) The Town Administrator, or designee, may issue a new Short-Term Rental license upon all of the following conditions:

(1) The Applicant has submitted a complete application form and provided all required information regarding the Short-Term Rental unit, including, but not limited to, where applicable, proof of the Applicant's ownership interest in the property, proof of past payment of all applicable sales and lodging tax to the Town, proof that utility bills are paid current, proof that the property to be rented is the Applicant's Personal Residence, or is located within the Core Commercial District (C-1), the Community Commercial District (C-2), by Special Use Review in any Residential District such as the Low-Density Residential District (R-1), the Medium-Density Residential District (R-2), the Higher Density Residential District (R-3), and by Special Use Review in the Estate Residential District (E-1), proof of the total number of bedrooms being rented, and information concerning the required Local Contact Person.

i. An Application for a Short-Term Rental within the Low-Density Residential (R-1) zoning district, the Medium-Density Residential District (R-2), the Higher Density Residential District (R-3) and/or the Estate Residential District (E-1) must also apply for a Special Use Review and pay all associated fees.

1. When an application for a Short-Term Rental is received and there is a license available, that application will encumber a license until the Special Use Review process is complete and upon approval of the review will be activated. If the Special Use Review is denied, then the license will be unencumbered and returned to the pool of available licenses.

ii. The Mobile Home district (MH), Light Industrial district (I-1), Industrial District (I-2), Developing Resource District (DR) and Public District (P) are ineligible for a Short-Term Rental license.

(2) The Applicant has paid an annual license fee of \$150.00 per bedroom, up to a maximum of five (5) licenses per Primary Residence for Single-Bedroom Short-Term Rentals, or an annual license fee of \$500.00, for a Short-Term Rental that is not a Primary Residence or Single-Bedroom Short-Term Rental, and has also paid all other applicable taxes and fees owed to the Town, including any outstanding taxes or fees related to any of the Applicant's or property owner's other properties and purposes within the Town.

(3) A satisfactory Short-Term Rental license inspection has been completed that verifies certain life-safety items are in place, and must comply with the provisions of this Code listed in §16-9-10 (d) (2).

i. Access to an exterior thirty-six inch (36") wide by six foot eight inches (6' 8") egress door.

ii. Smoke Detectors in every bedroom, Smoke/Carbon Monoxide Detectors outside each bedroom within fifteen feet (15'), and one on each level of the home.

iii. All sleeping rooms must have an egress window or door to the outside.

(4) All other applicable requirements of this Article have been met.

(c) The Town Administrator, or designee, may deny an application if:

(1) The information in the application is incomplete, inaccurate or false.

(2) The Applicant seeks authorization for a license at a prohibited location.

(3) The Applicant seeks authorization for a license and the Applicant's current license is suspended or revoked.

(4) The Applicant is not qualified to hold a license under the provisions of this Article.

(d) All licenses issued under this Article shall expire one year after issuance.

(e) Renewals of existing licenses shall follow all of the same procedures required for initial applications and submit the same required documentation as initial license applications.

(1) Renewal applications are given preference towards the maximum number of available licenses in subsequent years, provided that the application complies with all relevant provisions of the Town's Code.

(2) Renewal Applications for Short-Term Rentals in Low-Density Residential Districts (R-1), the Medium-Density Residential District (R-2), the Higher Density Residential District (R-3), and/or Estate Residential Districts (E-1) are not required to seek a second Special Use Review provided that they comply with all provisions of Sec. 6-5-60 of this Code.

(3) A Short-Term Rental that does not submit a renewal application and has not been marked by the Town as received within fourteen (14) days of expiration, will forfeit their license and the Town will notify the next Applicant on the Waiting List, if there are no Applicants on the waiting list, the Applicant may reapply.



**Sec. 6-5-60. Revocation and Suspension.**

(a) Any license issued pursuant to this Article may be suspended or revoked by written decision of the Town Administrator after ten (10) calendar days' prior written notice to a licensee of the contemplated action and, in general, the grounds therefore, and after a reasonable opportunity for the licensee to be heard by presentation of responsive information to the Town Administrator, for any one or more of the following reasons:

- (1) Failure to pay applicable Town lodging tax or any other required Town, County, and/or State tax or fee for the Short-Term Rental.
- (2) Failure to pay utility bills in a timely manner.
- (3) Any false statement of material fact contained in the application.
- (4) Failure to file any report or furnish any other information that may be required by the provisions of this Article.
- (5) Any other fact or condition that, had it been known to exist at the time of the license application, would have warranted the refusal of the issuance of such license.
- (6) Any violation of any provisions of this Article or of any other law or regulation pertaining to the requirements of the application, or at the property, or of any of the terms pertaining to the license.
- (7) Any violation of any provisions of this Article or of any other law or regulation pertaining to the requirements of the application, or at the property, or of any of the terms pertaining to the license.
- (8) Building code or safety violations related to the Short-Term Rental that come to the Town's attention and cannot be remedied within ten (10) business days.
- (9) Three substantiated complaints regarding the occupancy, noise, safety, or other disturbance or nuisance within a period of one (1) year.

(b) In the event of any suspension or revocation, the Town shall have no liability for any Short-Term Rental reservations or revenues that may be affected by any such suspension or revocation, and all licenses hereunder shall be at the risk of the licensee with regard to any such lost reservations or revenues.

- (1) The only remedy for anyone affected by the denial of any application or suspension or revocation shall be the right of the Applicant or licensee, as

applicable, to appeal such decision and seek reversal pursuant to the following section 6-5-70.

**Sec. 6-5-70. Appeals.**

- (a) Any Applicant directly affected by the denial of any license application, or any licensee directly impacted by suspension or revocation of any license pursuant to this Article, shall have the right to appeal to the Board of Trustees and may, thereafter, seek judicial review.
- (b) The Town Attorney shall act on behalf of and advise the Board of Trustees. The Board of Trustees shall not review de novo and shall only reverse or modify a determination of the Town Administrator if it determines that there was insufficient evidence to support the decision or that the decision was otherwise not in compliance with this Article.

**Sec. 6-5-80. Penalties.**

- (a) In addition to any other remedies available to the Town at law or in equity, after January 1, 2025, the operation of a Short-Term Rental within the Town without a license shall subject the owner of record to a fine in the amount of three hundred dollars (\$300.00) per occurrence and per day until a complete license application is submitted to the Town with all required license fees or the Short-Term Rental operation is terminated.
  - (1) Collection of any fines levied are subject to provisions of the Paonia Municipal Code and this does not preclude the Town from seeking additional recompense through Municipal Court actions.
  - (2) Should the property not qualify to be licensed as a Short-Term Rental, the operation shall cease immediately.

**Section 3.** Revisions to Chapter 16, Article 1 of the Paonia Municipal Code to add or ~~remove~~ the following:

*Dwelling Unit* means a single unit providing complete, independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation. ~~One (1) room, or rooms connected together constituting a separate, independent housekeeping establishment for owner occupancy, rental or lease on a monthly or longer basis. The dwelling unit shall be physically separated from any other rooms or dwelling units that may be in the same structure and served by no more than one (1) gas meter, one (1) electric meter and one (1) water meter and sewer tap.~~

Hotel, motel or lodging facility means an establishment containing six (6) or more guest rooms for lodging offered to the public for compensation for periods of time thirty (30) days or less and that customarily provides services such as maid service and the furnishing and laundering of linens.

Landscaped Area means the portion of a lot, parcel or tract that has been improved by the preservation, rearrangement, installation or planting of different trees, shrubs, grass and decorative materials. Decorative materials means materials which augment and enhance the botanical landscaping, including rocks, gravel, driftwood, bark, ponds, fountains, walls or other landscape design features approved by the Town.

~~Rooming Unit~~ means a room providing minimum housing accommodations for a roomer, arranged primarily for sleeping, and/or study, and which may include a private bath but shall not include a separate kitchen.

Short Term Rental means a privately-owned Residential dwelling that is wholly available and rented for the purposes of lodging for any period less than thirty (30) consecutive days, a Single Bedroom Short-Term Rental is also a Short-Term Rental but must follow the definition provided for it.

Single-Bedroom Short-Term Rental means a privately-owned bedroom within a Primary Residence, or within the Core Commercial District (C-1) that is rented for the purpose of lodging any period less than thirty (30) consecutive days, where all other facilities are shared with the owner of the dwelling

**Section 4.** Revisions to Chapter 16, Article 3, Section 20 of the Paonia Municipal Code to add or remove the following:

Add to Table 16-1:

Use	R-1 District	R-2 District	R-3 District	E-1 District	MH District
Short Term Rentals	S	S	S	S	X

Add to Table 16-3:

Use	C-1 District	C-2 District	I-1 District	I-2 District
Short Term Rentals	P	P	X	X

**Section 5.** A new Article of the Paonia Municipal Code to be known as Chapter 16, Article 9, entitled "Short-Term Rental Regulations," is hereby adopted and enacted which shall read as follows:

**Sec. 16-9-10. Short-Term Rental Regulations.**

(a) *Purpose.* The purpose of these standards is to:

- (1) Maintain the character of neighborhoods ensuring they are not turned into tourist areas;
- (2) Preserve long-term rental residential properties and housing choice for the residents of Paonia;
- (3) Protect the health, safety and welfare of the community and Short-Term Rental occupants;
- (4) Support Tourism and visitation to Town through varied accommodations;
- (5) Facilitate the permitting of Short-Term Rental units subject to appropriate restrictions and standards; and
- (6) Establish a licensing system to ensure that all taxes and fees are paid.

(b) *License Required.* Short-Term Rentals shall be licensed per Chapter 6, Article 5 of the Paonia Municipal Code. The total number of Short-Term Rental licenses available shall be limited per the provisions specified in §6-5-30 (c) of the Code.

(c) *Permitted Locations.* Short-Term Rentals are only allowed by right within the Core Commercial District (C-1), and the Community Commercial District (C-2), by Special Use Review in the Low-Density Residential District (R-1), the Medium-Density Residential District (R-2), the Higher Density Residential District (R-3), and the Estate Residential District (E-1), any zoning district not listed is ineligible for a Short-Term Rental license.

(d) *Performance Standards for Short-Term Rentals.*

(1) *Off-Street Parking.* Off-street parking shall be provided as required by Chapter 16, Article 6, "Off-Street Parking and Loading."

(2) *Health and Safety.* All Short-Term Rentals must include operable smoke and carbon monoxide detectors, fire extinguishers, adequate accommodations for trash, and pass a life-safety inspection as required in §6-5-50 (b) (3).

(3) *Proximity of Owner or Owner's Agent.* All Short-Term Rental owners or owner's agent must reside or conduct business within fifteen (15) miles of the Short-Term Rental. The owner or owner's agent name and contact information shall be provided to the Town. All Short-Term Rentals must comply with §6-5-40 (h) of this Code.

(e) The burden shall be upon the owner of the Short-Term Rental to verify to the Town that the criteria of this Section are met and if necessary, provide adequate proof.

(f) Failure to comply with any provision in this Section may result in revocation or suspension of any license to operate a Short-Term Rental in accordance with the provisions of §6-5-60, and may be subject to fines and penalties found in §6-5-80 of this Code.

**Section 6.** **Notice of Enforcement and Inspection.** Violation of this Ordinance is subject to enforcement and punishment and shall constitute a misdemeanor punishable by a fine of up to three hundred dollars (\$300.00) per occurrence and per day. Each day that a violation continues to exist shall constitute a separate offense. The full text of the Ordinance, including any amendments, is available for public inspection at the office of the Town Clerk at Town Hall.

**Section 7.** **Severability.** If any section, paragraph, sentence, clause, or phrase of this Ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this Ordinance. The Board of Trustees declares that it would have adopted this Ordinance and each part or parts hereof irrespective of the fact that any one part or parts be declared unconstitutional or invalid.

**Section 8.** **Effective Date and Time.** This Ordinance shall become effective thirty (30) days after publication in accordance with law.

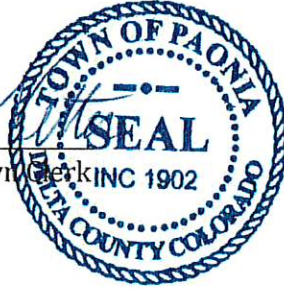
PASSED AND ADOPTED this 26<sup>th</sup> Day of November 2024.

Paige Smith  
Paige Smith, Mayor

ATTEST:

Samira M. Vetter

Samira M. Vetter, Town Clerk



Approved as to form and contents:

Clay Buchner

Clay Buchner, Town Attorney