

**TOWN OF PALISADE, COLORADO
ORDINANCE NO. 2025-02**

**AN ORDINANCE OF THE TOWN OF PALISADE, COLORADO
AMENDING SECTION 7.01 OF THE PALISADE LAND DEVELOPMENT
CODE CONCERNING SHORT TERM VACATION RENTALS**

WHEREAS, pursuant to Section 31-23-305, C.R.S., the Board of Trustees may adopt, alter or amend zoning and regulations; and

WHEREAS, the Palisade Comprehensive Plan establishes Goal 2.1 to "Balance growth with preserving the agricultural heritage to maintain a sense of community" and Strategy 4.1B to "Facilitate relationships with recreation, tourism, and residents"; and

WHEREAS, the Board of Trustees finds that establishing clear regulations for short term vacation rentals will help implement the Comprehensive Plan while providing economic opportunities for property owners and accommodations for visitors; and

WHEREAS, the Board of Trustees recognizes the economic benefits of short term vacation rentals to property owners and the local economy while also acknowledging the potential strains on neighborhood character; and

WHEREAS, the Board of Trustees finds that regulating short term vacation rentals is necessary to preserve neighborhood character, ensure adequate parking, maintain housing availability for residents, and protect the health, safety and welfare of the community; and

WHEREAS, the Board of Trustees desires to amend Section 7.01 of the Land Development Code to establish regulations concerning short term vacation rentals as a specific accessory use; and

WHEREAS, in accordance with Sections 3.02 and 4.01 of the Land Development Code, and Section 31-23-306, C.R.S., on March 18, 2025, a public hearing was held before the Planning Commission to consider a recommendation of an amendment of the Land Development Code to the Board of Trustees as set forth herein, following public notice as required by law; and

WHEREAS, in accordance with Sections 3.02 and 4.01 of the Land Development Code, and Section 31-23-304, C.R.S., on March 25, 2025 and April 22, 2025, a public hearing was held before the Board of Trustees to consider the amendment of the Land Development Code as set forth herein, following public notice as required by law; and

WHEREAS, the Board of Trustees finds and determines that the amendments to the Land Development Code, as contained herein, are necessary and designed for the purpose of promoting the health, safety, convenience, order, prosperity and welfare of the present and future inhabitants of the Town of Palisade and are consistent with the Town's Comprehensive Plan and the Town's other goals, policies and plans.

**NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF TRUSTEES OF
THE TOWN OF PALISADE, COLORADO, THAT:**

Section 1. The foregoing recitals are incorporated herein as if set forth in full.

Section 2. Land Development Code Section 7.01 Residential Use Standards is hereby amended with new additions **underlined** and deletions in ~~strikethrough~~ as follows:

M. Short Term Vacation Rental

A short term vacation rental use is permitted subject to the following standards:

1. ~~Site plan~~ **Purpose and Intent**

~~The short term vacation rental shall be subject to site plan approval by the Planning Commission with public notification as per Section 4.06 of this LDC. The site plan shall demonstrate compliance with the standards as set forth. Any decision to approve or deny the application may be appealed to the Board of Trustees in accordance with the notice requirements and procedures of Section 4.14 of this LDC. The appeal shall be received from either the applicant or an affected property owner within the notification area by the Town Clerk within ten (10) days of the Planning Commission decision.~~ **The purpose of this Section is to establish regulations for the use of privately owned residential dwellings as short-term vacation rentals (STVRs) to safeguard the public health, safety and general welfare of the community, ensure neighborhood compatibility, and maintain the Town's residential character while supporting diverse accommodation options for visitors.**

This Section recognizes two distinct STVR asset classes that serve different functions within our community:

Resident STVRs allow permanent residents to participate in the visitor economy by sharing their properties, providing supplemental income while maintaining the residential fabric of neighborhoods. These are owner-occupied properties where the owner uses the dwelling as their primary residence for at least 185 days per calendar year.

Investor STVRs provide additional visitor accommodation and economic opportunities but remove the housing stock for long term residents. These properties are not used as the owner's primary residence.

2. ~~A property management plan~~ **Permit Requirements**

~~A property management plan demonstrating how the vacation rental will be managed and how impacts to neighboring properties will be minimized, shall be submitted for review and approval as part of the site plan approval.~~ **Permit Types and Limitations**

- a. ~~The property management plan shall include local points of contact available to respond immediately to complaints, clean up garbage, manage unruly tenants,~~

~~eteetera.~~ The number of short-term vacation rentals that may operate at any one time, shall be no more than twenty-four (24) units in the Town.

- b. ~~The property management plan shall be mailed to all adjoining property owners within three hundred (300) feet as a condition of approval, and shall be posted in a visible location within the short term vacation rental. If the responsible party of a short term rental use does not reside within the Town, the management plan must identify an individual or individuals within a twenty five mile radius of the property to serve as local contacts and respond to emergency conditions. No person, entity, or affiliated group shall hold, directly or indirectly, more than one (1) STVR permit of either type, where "person" includes any natural person, corporation, LLC, partnership, trust, or other legal entity; "affiliated group" includes spouses, domestic partners, immediate family members, business partners, and any entity in which a permit holder has a financial or controlling interest of 10% or greater; and "indirectly" includes any arrangement designed to circumvent this limitation through the use of multiple entities, family members, proxies, or shared management/control structures.~~
- c. Investor STVR licenses shall be limited to a maximum of twelve (12) licenses within the Town.
- d. Resident STVR licenses shall be limited to a maximum of twelve (12) licenses within the Town.
- e. ~~If concerns are raised by any affected person within the area of notification at the time of or prior to the public hearing, the Planning Commission may establish, at the time of public hearing, specific conditions on the use of a short term vacation rental to address impacts to the neighborhood. Those conditions shall be incorporated into the property management plan that is mailed to all adjoining property owners within three hundred (300) feet of the property.~~ Permits are non-transferable and non-assignable.

3. ~~Standards and requirements~~ Application Requirements

~~Vacation rentals are permitted subject to the following standards:~~

- a. ~~No sign identifying the short term vacation rental is permitted on the property.~~ Complete applications for new permits or renewals shall only be accepted in the enrollment period from January 1- February 14 for the year. Permits expire March 31st of each year regardless of issue date.
- b. ~~No changes shall be made to the dwelling or site which would diminish or detract from the residential appearance in the neighborhood.~~ Applications shall include:
- Proof of ownership
 - For Homeowner STVRs, evidence of primary residence
 - Valid driver's license or state identification showing the address

- Voter registration
 - Site plan showing all parking spaces and outdoor amenities
 - Property management plan
 - Proof of one-million-dollar (\$1,000,000) insurance policy covering STVR use
 - Payment of all applicable fees (upon acceptance)
 - Safety inspection report from the Fire Department
 - Signed affidavit acknowledging all requirements of this Section
- c. ~~Overnight guest occupancy for short term vacation rentals shall be two (2) persons per sleeping room or guest room on the main level of the house and/or the upper floor(s), plus two (2) additional renters overall, up to a maximum occupancy of no more than eight (8) persons. Any sleeping room located in the basement of the house may only be occupied by the home owner or primary resident(s) but not the guests.~~
- d. ~~During the daytime, maximum number of total guests and visitors allowed at any time in a short term vacation rental shall not exceed the maximum overnight occupancy plus six (6) additional persons per property, or fourteen (14) persons, whichever is less.~~
- e. ~~Quiet hours shall be from 10:00 p.m. to 7:00 a.m. and no outside assembly of more than the maximum overnight occupancy shall be permitted during this period.~~
- f. ~~Outdoor amplified sound (microphone or speaker system) shall not be allowed at any time. This provision does not apply to casual music from personal music devices or similar situations that are typical of residential surroundings.~~
- g. ~~Pets if allowed by owner shall be secured on the property at all times. Continual nuisance barking by unattended pets is prohibited per Section 7-116 of the Palisade Municipal Code.~~
- h. ~~Outdoor fire areas, when not prohibited by state or local fire codes, may be allowed but shall be limited to three (3) feet in diameter, shall be located on a non-combustible surface, shall be covered by a fire screen, and shall be extinguished as soon as it is unattended or by 10:00 p.m. whichever is earlier.~~

- i. ~~Parking shall be provided to accommodate one (1) space per the dwelling unit plus one (1) space for each occupied sleeping room or guest room with a minimum of two (2) off-street parking spaces provided. Any on-street parking, where appropriate, shall be limited to no more than one (1) parking space.~~
 - j. ~~All vehicles shall be parked in designated parking areas, such as driveways and garages, or on-street parking, where permitted. No parking shall occur on lawns or sidewalks.~~
 - k. ~~The short-term vacation rental shall be subject to the same safety and health inspections, licenses, registrations, fees and taxes, including the occupation lodging tax, to which other licensed businesses or places of accommodation are subject.~~
 - l. ~~The number of short-term vacation rentals that may operate at any one time, shall be no more than 3 percent of the total number of single family housing units in the Town. The number of single family housing units shall be based on the most recent data available from the U.S. Census Bureau and the State of Colorado Demographer's office.~~
 - m. ~~No food service shall be offered to overnight guests by the owner or operator of the short-term vacation rental.~~
4. ~~If no business license is issued for a short-term vacation rental within a year of approval by the Planning Commission, the Planning Commission approval shall expire. If a business license is not renewed for a short-term vacation rental for a consecutive year, the use as a short-term vacation rental shall be considered discontinued. An expired approval or discontinued use, as per this Section, shall require notification, hearings and approval to re-establish the short-term vacation rental consistent with this Section of this LDC.~~ **Property Management**

Requirements

- a. **Guest check-in/check-out procedures**
 - b. **Maximum occupancy enforcement**
 - c. **Parking requirements**
 - d. **Trash management**
 - e. **Noise restrictions**
 - f. **Outdoor fire and amplified sound restrictions**
 - g. **Pet policies**
 - h. **Emergency procedures**
5. ~~Any violations of this Section are subject to the enforcement and penalty provisions of Article 13. Upon receipt of any combination of three (3) citations, or violations of any section of this LDC or Municipal Code by the Town of Palisade, within a two-year period, the use of the short-term vacation rental is summarily revoked. The revocation is subject to an appeal to the Board of Trustees, if requested within ten (10) days of the decision of revocation. Should such a revocation occur, an~~

~~application to re-establish a short term vacation rental at the subject property shall not be accepted by the Town of Palisade for a minimum period of two (2) years after the revocation takes effect.~~ **Notification Requirements**

- a. **Property management plan must be:**
 - **Mailed via certified mail to all owners of property within a one-hundred-fifty (150) foot radius of the exterior boundary of the subject property**
 - **Must include contact information for property owner or property manager**
 - **Posted in a clearly visible way inside the entrance of the rental unit**
 - **Updated within 24 hours of any change in contact information**
 - b. **Town shall be notified of any changes to management plan within 24 hours**
6. ~~Upon approval by the Planning Commission, the applicant shall obtain a business license in order to operate the short term vacation rental consistent with the approved site plan and management plan. Operation and/or advertisement of a short term vacation rental prior to the issuance of a business license is considered a violation of this LDC and is subject to the enforcement and penalty provisions of Article 13. Violation as per this Section shall also impose an automatic re-consideration of the application by the Planning Commission at the next available meeting, subject to the same public notification of the original application.~~ **Occupancy and Use Limitations**

- a. **Maximum overnight occupancy shall not exceed:**
 - **Two (2) persons per legal bedroom**
- b. **Maximum daytime occupancy shall not exceed:**
 - **Two (2) persons per legal bedroom**
- c. **Maximum permitted noise levels are subject to Municipal Code Sec. 10-226**
- d. **No outdoor amplified sound at any time**
- e. **No food service to guests**
- f. **No commercial events or activities**
- g. **No alterations that would reduce residential character**
- h. **No physical signs, placards, postings, or other visual displays identifying the property as a vacation rental shall be permitted**
- i. **Property owner must be on site during rentals. For non-owner-occupied rentals a designated manager must reside within twenty-five (25) miles of the property**
- j. **No Parties and Special Events:**
 - **Parties and special events are strictly prohibited at all STVR properties**
 - **Advertising an STVR for parties or special events is prohibited**

- All rental property management plans must include acknowledgment of no-party policy

k. Parking Requirements

- Minimum of one (1) off-street parking per two (2) legal bedrooms
- Maximum of one (1) on-street parking space where permitted
- No parking on landscaped areas or sidewalks
- Parking plan must be provided to guests

7. Taxes and Fees

a. Required Taxes

- All STVRs shall be subject the Town occupational lodging fee and any applicable state or county lodging taxes

b. Tax Remittance:

- All taxes and fees must be collected and remitted monthly per Municipal Code Sec. 6-56
- Late remittance subject to penalties per Municipal Code Sec. 6-61
- Failure to remit taxes for two consecutive months constitutes grounds for permit revocation

c. Record Keeping

- Owner must maintain complete booking records for three (3) years per Municipal Code Sec. 6-56
- Records must be available for audit upon request by Town
- Records must include:
 - Dates of occupancy
 - Number of rooms occupied
 - Taxes and fees collected

d. Required Fees

- Annual permit fees are required for both license types
- Business license fee. Under Municipal Code Section 6-55, any license holder who remits occupancy tax in an amount greater than the annual business license fee is exempt from paying the business license fee. While the fee is waived, the business must still maintain an active business license.
- Late renewal fee if applied within thirty (30) days of expiry

e. Tax and Fee compliance

- Proof of tax compliance required for permit renewal
- Outstanding taxes or fees constitute grounds for:

- Denial of permit renewal
- Immediate suspension of permit
- Placement of lien on property
- Fraudulent tax returns constitute grounds for immediate permit revocation

8. Enforcement and Penalties

- a. Initial complaints shall be directed at the property owner/manager
- b. Municipal complaints must include:
 - Photo or video evidence of violation
 - Date and time of occurrence
 - Complainant contact information
- c. Anonymous complaints shall not count toward strikes but will be considered at renewal
- d. Strikes may be issued for:
 - Verified violations of the Land Development Code or Municipal Code
 - Failure to maintain current contact information
 - Non-response to Town notices
 - Law enforcement incidents
 - Code violations
- e. Strike Penalties:
 - First Strike: Fine plus written warning
 - Second Strike: Fine plus required management plan update
 - Third Strike: Fine plus permit revocation
 - Strikes remain active for twelve (12) months from date of issuance
 - Appeals to the Planning Commission must be filed within ten (10) business days
- f. Upon third strike:
 - Owner permanently ineligible for STVR permit
 - Property ineligible until transfer of ownership
- g. Unlicensed Operations
 - Notice of violation requiring compliance within Forty-Eight (48) hours issued by the Town of Palisade Code Enforcement Officer
 - If compliance is not obtained:
 - Fine per day of continued operation
 - Property lien for unpaid fines after 30 days
 - Permanent ineligibility for both owner and property

9. **Existing Permits**

- a. **All existing STVR permits shall expire on March 31, of each year**
 - b. **Existing STVR permit holders shall have first right of refusal to renew their permits during the annual enrollment period ending February 14, after which any unrenewed permits will be forfeited and automatically allocated to the next eligible applicant on the waiting list.**
 - c. **Existing permits must renew in the enrollment period defined in Section 7.01.M.3 Application Requirements but have up to thirty (30) days after application enrollment closes to renew with a late fee; failure to renew within this window results in permit expiration, with no automatic renewals or legal non-conforming status of existing permits.**
10. ~~If a short term vacation rental is denied either by the Planning Commission or upon an appeal by the Board of Trustees, a request for a short term vacation rental for the same property may not be made until at least six months from the date of denial. This provision does not apply if the property is transferred after the denial and a request is made by a new land owner~~
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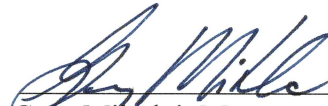
Section 2. Severability. If any provision of this ordinance is found to be unconstitutional or otherwise invalid by any court of competent jurisdiction, such invalidity shall not affect the remaining provisions which can be implemented without the invalid provisions and, to this end, the provisions of this ordinance are declared to be severable.

Section 3. Effective Date. This ordinance shall take effect thirty (30) days after publication following final passage.

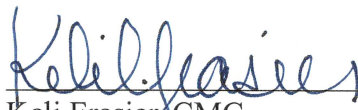
INTRODUCED, READ, PASSED, ADOPTED AND ORDERED PUBLISHED at a regular meeting of the Board of the Trustees of the Town of Palisade, Colorado, held on April 22, 2025.

TOWN OF PALISADE, COLORADO

By:


Greg Mikolai, Mayor

ATTEST:


Keli Frasier, CMC
Town Clerk

