

Upcoming Covenant Amendment Vote on Owner-Occupied Short-Term Rentals

The HOA Board of Directors will soon be asking for **your vote in support of an amendment to our covenants concerning short-term rentals (STRs)**. This amendment allows our homeowners to apply to the City of Colorado Springs for an Owner-Occupied Short-Term Rental (defined as less than 30 days) permit **only in homes which are the homeowner's primary residence** (must reside in the home for 185+ days a year). The amendment also implements some HOA guardrails that can help protect fellow Comstock homeowners. It **gives your HOA board the ability to intervene** when needed yet keeps the **focus on the city as the primary agent for all enforcement actions**.

In preparation for town hall meetings...during which the overwhelming majority of attendees supported this amendment...we conducted extensive fact-based research concerning the impact of allowing STRs. It showed that unlike what you find in cities or neighborhoods that allow unrestricted STRs, **owner-occupied STR homes are considered the new "gold-standard."** They **protect homeowners' rights** to use their property as they see fit. They exclude corporate and private investors as well as preventing second-home owners' ability to serve as absentee hosts. In doing so, they **ensure STRs remain a supplemental, not primary use of housing** and reduce the potential for STR proliferation. They **mitigate crime, quality of life and safety concerns** by eliminating high guest turnover and volume; reducing negative externalities like noise, parking congestion and transient foot traffic; and preserve social cohesion. And finally, but maybe most importantly, owner-occupied STRs **help maintain or even enhance property values**. As an example...in Santa Monica, CA unrestricted STRs led to a 2.66% decrease in home prices; after enacting restrictions allowing only owner-occupied STRs, housing prices rose nearly 8%.

We **need 357 of the 595 Comstock Village HOA homeowners to vote "YES"** to approve this amendment to our covenants. Historically, the voter turnout is way below this threshold, but we are hopeful that by instituting electronic voting for this initiative we can improve our response. If you have any questions or concerns about this amendment, please contact any of the HOA Board's directors (info listed at the end of this newsletter).

PLEASE MAKE SURE YOUR HOUSEHOLD VOTES ON THIS IMPORTANT ISSUE!!!

Proposed Amendment to Article VI, Section 7, Paragraph 11 (changes in italics)

11. Manufacturing or commercial enterprises conducted or maintained upon, in front of or in connection with any Lot or Lots *must comply with all Covenants and may not contain any visible commercial signage.* No noxious or offensive activity shall be carried on upon any Lot, Common Area, nor shall anything be done thereon which may be or may become an annoyance or a nuisance to the neighborhood.

(a) Short-term rentals (defined as less than 30 days) are permitted in owner-occupied properties (defined as occupied by the owner for more than 185 days a year) subject to the following conditions:

- (i) The homeowner must obtain a provisional clearance from the Association;***
- (ii) The homeowner must comply with all requirements for short-term rentals established by the City of Colorado Springs, including the requirement in Section 7.5.510 of the Colorado Springs Code of Ordinances to obtain a permit from the City before renting their property;***
- (iii) The homeowner must provide the Association's Administrator with a copy of the permit issued by the City of Colorado Springs before renting their property so that the Association is aware of which properties in Comstock Village may be rented on a short-term basis;***
- (iv) The homeowner has a duty to ensure that his or her tenants comply with all Covenants and do not engage in activities that interfere with other homeowners' right to peaceful use and enjoyment of their property;***
- (v) Failure to comply with any of the above conditions may result in a decision by the Association Board of Directors to revoke a homeowner's clearance to rent their property on a short-term basis, which will be made after the homeowner is informed of the violation(s) and has an opportunity to appear before the Board to explain why the clearance should be reinstated; and***
- (vi) The Association Board of Directors shall have a right to adopt rules and regulations necessary for the implementation of this restriction and for the implementation of other restrictions in the Covenants and as allowed by law.***

Short Term Rental (STR) Town Hall

Your HOA Board is recommending the proposed amendment on Short Term Rentals be sent to all homeowners for approval.

This proposal to allow Owner-Occupied STRs:

- Protects homeowners' rights to use their property as they see fit

- Implements guardrails to protect fellow Comstock HOA homeowners by using Colorado Springs owner-occupied short-term rental requirements.

- Excludes corporate and private investors as well as preventing second-home owners' ability to serve as absentee-hosts

- Reduces potential for STR proliferation

- Mitigates crime, quality of life and safety concerns by maintaining neighborhood cohesion and informal crime control

- Helps maintain or even enhance property values

Why not ban STRs altogether:

- Total bans can provoke strong opposition from homeowners who rely on STR income or want future flexibility...conflict with homeowners right to use their property as they see fit

- A total ban might require grandfathering of existing STRs...or subject the HOA to lawsuits

- Total bans require constant monitoring and can be difficult to enforce without clear evidence of rental activity

- Total bans require a formal amendment to the HOA Declaration which would require a super majority (67%) of homeowners

Unrestricted vs Owner Occupied Short-Term Rentals

Unlike what you will find evidenced in cities or neighborhoods that allow unrestricted short-term rentals...studies show...owner occupied short-term rentals are considered the new “gold-standard” because they...

Reduce potential for STR proliferation...curb conversion of homes by absentee landlords...**ensure STRs remain a supplemental, not primary use of housing**...limit STR use to occasional or partial home rentals...result in fewer STRs within any given neighborhood

Help maintain or even enhance **property values**

West Hollywood—10% increase in AirBnB led to **1.55 % increase in housing prices**

Santa Monica—unrestricted STRs led to a 2.66% decrease in home prices; after **restricting to owner-occupied STRs, housing prices rose nearly 8%**

Mitigate crime, quality of life and safety concerns—eliminate high guest turnover and volume...reduce negative externalities like noise, parking congestion and transient foot traffic...preserve social cohesion and informal surveillance

Boston study determined increased AirBnB listings correlated with higher crime rates. Determined loss of permanent residents eroded neighborhood cohesion and informal crime control. **Found owner-occupied STRs, where the host remains part of the community, do not contribute to this erosion...and mitigate safety concerns.**

Do not accelerate wear and tear on common areas in any significant way

The high guest turnover and absentee ownership of unrestricted STRs are the primary drivers of wear on outdoor common areas. **Owner-occupied STRs have fewer guests and shorter stays, reducing the frequency of use of outdoor amenities...owners often act as informal stewards of the property, ensuring that landscaping, walkways and shared outdoor features are respected.**

Do not impact **insurance rates**. Insurers do not typically adjust premiums based on whether nearby homes are used as short-term rentals—especially if those are owner-occupied, which poses lower risks. Additionally, **Colorado Springs require STR owners to carry specialized insurance...this ensures risks are absorbed by the rental owner’s policy.**

Chelan County Report—unrestricted STRs lead to loss of social capital, overcrowding and traffic congestion, but noted **owner-occupied are compatible with residential neighborhoods if occupancy is low and regulations are enforced**

Decrezo Editorial Analysis—Unrestricted STRs can affect, community cohesion, noise levels and public health, but noted **owner –occupied STRs are less likely to attract transient behavior that undermines cohesion**

Foundation for Community Research Survey—62% of HOA respondents were concerned about investor-run STRs failing to uphold community standards. Unrestricted STRs are linked to rule violations and enforcement challenges. **Owner-occupied STRs preferred by buyers and residents for maintaining quality of life.**

Short-Term Rental (STR) Background Paper

Current Situation

Colorado Law requires any restriction on the use of our homes be contained in an HOA's recorded covenants declaration. Since we have no recorded declaration in our covenants, short-term rentals are authorized in Comstock Village...subject to the following [Short Term Rentals | City of Colorado Springs](#) requirements (link contains in-depth information these requirements)...

Required: Property must be owner occupied > 185 days/yr; licensed (\$124.95/yr); maximum occupancy limited based on # of bedrooms; no hosting of large social/commercial events; proof of \$500,000 liability insurance; proof of listing on hosting platform; compliance with Good Neighbor Guidelines; be in compliance with HOA declarations which may be more restrictive; provide a 24 hour POC to the city.
Recommended: notify neighbors and provide them with Good Neighbor Guidelines.

Our HOA Board can only enforce the HOA's restrictions, rules and regulations., not those of the City.

Findings/Recommendations of the HOA STR Committee (2 Board members; 6 Homeowners)

The Committee recommended amendment of the HOA covenants to allow short-term rentals with some guardrails. After discussion, the HOA Board determined that an owner-occupied STR mandate with a 185-day residency requirement would preserve neighborhood stability while respecting property rights and offers a pragmatic and enforceable solution. The Board approved the attached full version of the proposed STR amendment.

Layman's Translation of Proposed Amendment

- Any homeowner wishing to offer their property as a short-term rental must obtain a clearance from the HOA Board—in essence a review to determine if the homeowner/property is in good standing
- Must meet all City requirements for an owner-occupied short-term rental property (includes occupying >185 days/yr) and obtain a short-term rental license
- Must provide a copy of the license to the HOA Administrator to identify the property as an STR
- Must ensure tenants comply with all HOA covenants, as well as County Good Neighbor Guidelines
- The HOA Board may revoke the homeowner's clearance for failure to comply with these requirements
- The HOA Board may issue rules/regulations/clarifying guidance concerning this amendment

Way Ahead

In the near term, the board will hold this series of town hall meetings to hear/clarify concerns. A vote will then be taken, requiring a minimum of 60% (357 of the 595) of all Homeowners to approve this Covenant amendment.

NOTE: If we fail to pass this amendment, we must develop and pass a separate amendment (Note: if further restrictive than the city requirements it will require a vote of 67% of all Homeowners for approval)...or there will be no provision in our Covenants concerning STRs within Comstock Village. Any STRs within Comstock HOA will be under the administration of the city, and the HOA Board will have no ability to provide any enforcement action if problems arise.