

City Council Workshop

Agenda Item #2

December 11, 2017

Short-Term Rentals

The City Council has held two recent workshops on the issue of Short-Term Rentals. Materials from those meetings can be viewed electronically via the following links: Workshop of [October 11, 2017](#); Workshop of [November 13, 2017](#).

At the most recent workshop on Nov. 13, the City Council asked staff to continue work on a draft policy based on Council feedback and best practices. The initial draft policy (in the form of proposed ordinance amendments), which was reviewed by Council on Nov. 13, was based on a similar policy recently adopted by the City of Portland, but with several key changes. For example, several Councilors had expressed a desire to prohibit non-owner-occupied short-term rentals, particularly in residential zones, so this restriction was inserted. The draft also included a provision allowing seasonal short-term vacation rentals, which would be licensed annually to ensure the property is well managed and not negatively impacting the neighborhood. At both workshops, Council advised staff that it is less concerned about owner-occupied short-term rentals, specifically those that are “hosted stay” where the owner is present during the rental period, but that such rentals should be registered with the City.

Since the November 13 workshop, the draft policy has been further revised to reflect additional feedback received. Through this process, it has become apparent that the term “owner-occupied” could apply to multiple scenarios. For example, one type of rental may be a resident homeowner who wishes to host a guest for the weekend and the owner will be present during the stay, also known as a “hosted stay”. Another type of rental may be one where a resident homeowner plans to take an extended trip and would like to rent his/her entire home on a short-term basis while away. In this second example, the property remains the owner’s primary residence, the nature of the stay is temporary and/or seasonal, and the owner is not residing there during the rental period. Both of those examples are quite different, but both could be considered “owner occupied”, as opposed to a property that is purchased for use solely as a short-term rental property.

Staff and Corporation Counsel have updated the initial draft policy table that outlines the framework for short-term rental regulation and is looking for additional Council guidance. The rental types have been expanded to three categories in order to differentiate rentals that are strictly “hosted stays”, where the owner remains on premise

during the rental period. Hosted stay rentals (Type I) would have no frequency or durational limitations, but would be required to register with the City and meet other standards for safety, occupancy limits, guest parking, etc. The second type of rental (Type II) would be considered a seasonal and/or temporary rental, where the owner lives in the home most of the year, but rents it out for part of the year. For example, a resident homeowner could rent his/her home for a series of week-long rentals during the summer months. A Type II rental could not experience a “guest turnover” more frequently than once every 7 nights, and the dwelling could not be rented more than 90 nights in a one-year period. The third type of short-term rental (Type III) would not be the primary residence of the owner. There would be no frequency or durational limitations, but Type III rentals would be prohibited in Residential A & AA zones. We need guidance as to whether Council wants to further prohibit these in other zones, such as VR, for example.

The draft policy has also been revised to standardize the registration process. The previous version provided for both registration and licensing, depending on the rental type. Registrations would be through the Office of Code Enforcement and licensing through the Office of City Clerk. Staff believes this may be confusing to prospective registrants, and therefore recommends that a single registration process be used for all rental types and managed by the City Clerk’s office. This standardized process could be further streamlined if the City were to adopt an online registration solution that interfaces with the City’s business license and permit system. The draft framework also includes proposed registration fees for consideration.

While the Council is being presented with this draft policy framework, staff recognizes there are still several policy questions to be answered. There are a few policy questions that are highlighted in blue on the draft where the staff is seeking more specific guidance from the City Council; however, the entire draft policy is on the table for discussion, and staff welcomes any and all further changes to this draft and guidance from the Council on the numerous policy questions involved.

Assistant City Manager Josh Reny, Planning Director Tex Haeuser, and Corporation Counsel Sally Daggett will be at Monday’s workshop to answer any questions Councilors may have.

  
City Manager

SHORT-TERM RENTAL REGULATION REGULATORY FRAMEWORK

Type of Rental	Type I	Type II	Type III
<b>Type of Structure</b>	One-family dwelling unit (including an associated authorized accessory dwelling unit) or a two-family dwelling unit	One-family dwelling unit without any accessory dwelling unit or a two-family dwelling unit	One-family dwelling unit without any associated authorized accessory dwelling unit
<b>Amount of Dwelling Unit Rented</b>	Includes the rental of an entire dwelling unit OR, if only part of the unit, includes at a minimum a sleeping room	Includes the rental of an entire dwelling unit OR, if only part of the unit, includes at a minimum a sleeping room	Whole dwelling unit
<b>Owner-Occupied (i.e., Owner’s primary residence)?</b>	Yes, at least one dwelling unit (or an associated authorized accessory dwelling unit) is the Owner’s primary residence	Yes, at least one dwelling unit is the Owner’s primary residence	No, dwelling unit is <i>not</i> Owner’s primary residence
<b>Affidavit of Owner regarding primary residence required?</b>	Yes	Yes	No
<b>Owner/Host Operations</b>	Owner is living in the dwelling unit (or associated authorized ADU) during the short-term rental period	At least one dwelling unit is Owner’s primary residence but Owner is not present in either unit during the short-term rental period	Dwelling unit is not Owner’s primary residence

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<b>Type of Rental</b>	<b>Type I</b>	<b>Type II</b>	<b>Type III</b>
<b>Length of Guest Stay</b>	Rental is on a temporary basis for periods of less than 30 consecutive days	Rental is on a temporary basis for periods of <i>at least 7 consecutive days</i> but less than 30 consecutive days; guests may stay for less than the minimum stay period <i>provided that</i> the rental unit remains vacant until the end of the minimum stay period ( <i>e.g.</i> , if guest stays for 4 nights, unit must remain unrented/unoccupied for the 3 subsequent nights)	Rental is on a temporary basis for periods of <i>at least 7 consecutive days</i> but less than 30 consecutive days; guests may stay for less than the minimum stay period <i>provided that</i> the rental unit remains vacant until the end of the minimum stay period ( <i>e.g.</i> , if guest stays for 4 nights, unit must remain unrented/unoccupied for the 3 subsequent nights)
<b>Cap on # of days unit is rented per year?</b>	None	90 days per year	None
<b>Ch. 14 Approval Required</b>	Registration	Registration	Registration
<b>Is registration per address or per Owner?</b>	Registration is per address	Registration is per address	Registration is per address
<b>Can an Owner register an address for more than one type of registration?</b>	Owner without any accessory dwelling unit can register an address as both a Type I and a Type II registration (must pay each fee), but address cannot	Owner without any accessory dwelling unit can register an address as both a Type II and a Type I registration (must pay each fee), but address cannot	Address can only be registered as a Type III rental; no other type of registration allowed

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Type of Rental	Type I	Type II	Type III
	simultaneously be a Type I and a Type III registration	simultaneously be a Type II and a Type III registration	
<b>Mobile registration available? Is it compatible with City licensing software?</b>	Need Council guidance	Need Council guidance	Need Council guidance
<b>Reviewing Authority</b>	City Clerk	City Clerk	City Clerk
<b>Notice to Abutting Property Owners?</b>	N/A	N/A	Upon issuance of new registration
<b>Notice to City Clerk if sale/transfer of property?</b>	No	No	Yes
<b>Inspection</b>	Self-inspection upon registration and renewal; thereafter, at request of City inspection officials	Self-inspection upon registration and renewal; thereafter, at request of City inspection officials	If determined to be necessary by Fire Chief, inspection by Fire Chief or his designee upon initial application; thereafter, at request of City inspection officials
<b>Locational limits?</b>	Allowed in all zoning districts	Allowed in all zoning districts	Prohibited in A and AA zoning districts
<b>Complaint process</b>	Need Council guidance	Need Council guidance	Need Council guidance
<b>Registration revocation?</b>	Only after notice to Owner and opportunity for hearing	Only after notice to Owner and opportunity for hearing	Only after notice to Owner and opportunity for hearing

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Type of Rental	Type I	Type II	Type III
	before City Clerk	before City Clerk	before City Clerk
<b>Enforcement mechanism</b>	Need Council guidance	Need Council guidance	Need Council guidance
<b>Annual Registration Fees</b>	\$250	\$250	\$500
<b>Implementation dates</b>			
▶ No new reservations inconsistent with Ch. 14 allowed	March 1, 2018	March 1, 2018	March 1, 2018
▶ Deadline for registration of Type I, II and III Rentals	May 1, 2018	May 1, 2018	May 1, 2018
▶ Full enforcement of all Ch. 14 requirements	June 1, 2018	June 1, 2018	June 1, 2018