



Planning Commission Agenda

Wednesday, September 6, 2023 at 7:00 PM
City Hall Council Chambers
700 Highway 2, Leavenworth, WA

Meeting hosted at City Hall with option to join via zoom by:

(1) connecting via the Zoom app: Meeting ID: 916 5926 4393 Passcode: 40805

(2) using the web link: <https://zoom.us/j/91659264393?pwd=L1JEa0NGemcrK0hPVFY5aGVuQ2Jqdz09> (3) calling: 1-253-215-8782. Alternative call-in phone numbers: <https://us02web.zoom.us/j/91659264393?pwd=L1JEa0NGemcrK0hPVFY5aGVuQ2Jqdz09>

The Planning Commission is responsible for long range planning and legislative policy recommendations to the City Council. Recommendations are based on thorough understanding of options and public comment/discussion. Every year, the City Council directs the Planning Commission work through the establishment of the [Docket](#).

Meeting Etiquette:

1. Have one discussion at a time and limit distractions.
 2. Seek to understand before being understood.
 3. Be respectful of each other; by assuming good intentions and acknowledging it is ok to disagree.
 4. Focus on constructive problem solving.
-

Agenda

1. **Call Meeting to Order, 7:00 pm**
2. **Roll Call:** *Planning Commission Chair: Alison Miller (position #7 – expiration 2026)*
Planning Commission Commissioners: Kenny Renner-Singer (#2 - 2027), Brian Praye (#3 City Resident –2024), Drew Foulk (#4 - 2025), Angie Harrison (#5 - 2025), Colin Forsyth (#6 - 2026) and OPEN (#1-2026)
3. **Opening Statement** – Alison Miller, Chair
4. **Review and approval of Minutes** – (sent separately)
 - a. Sample Motion: *I move to approve the Planning Commission minutes from August 2, 2023.*
5. **PUBLIC HEARING: Bed & Breakfast Code Amendments**
 - a. Hearing Etiquette – Please turn off cell phones/pagers; limit any disruptive noise/action; no clapping, booing or other response to presentations or testimony; and, when requested by the Chair limit testimony to 3 minutes
6. **Review of Cottage Housing – what it is and how some cities regulate it**
7. **Open Discussion Items, at the Chair’s discretion**
8. **Future Meeting Considerations** – Inclusionary Zoning, Unit Lot Subdivisions
9. **Adjournment**

All Planning Commission meetings are open to the public



Staff Report Code Amendments to LMC Chapter 18.52.120

Bed & Breakfasts Regulations

To: Planning Commission
From: Community Development Department
Date of Report: August 21, 2023 for the September 6, 2023 Public Hearing
Subject: Bed & Breakfast Conditional Use Permit Amendments

OVERVIEW

The City Council’s adopted Planning Commission 2023 Docket included a review of “Density of Bed & Breakfast – consider a limited number of B&Bs per block or neighborhood. Consider prohibiting using ADUs for B&Bs.”

The primary concern was the establishment of four B&Bs within one city block and the loss of housing stock with ADUs being used for B&Bs. Starting in June, the Planning Commission reviewed multiple ways to address these concerns and other concerns raised by the public. This work continued at subsequent meetings, July and August, and resulted in the proposed amendments, Attachment A.

PUBLIC HEARING NOTICE COMPLIANCE

60-day Agency review	Expedited Review Material ID# 2023-S-6343
SEPA Determination	Exempt per WAC 197-11-800(19) Procedural Action.
Notice of Planning Commission Public Hearing	Published in the Echo: August 23, 2023
Planning Commission Public Hearing	September 6, 2023
City Council Public Hearing:	Tentatively Scheduled for October 24, 2023

PUBLIC/AGENCY COMMENTS

Public comments were received and considered at the various Planning Commission meetings; additionally, written public comments are attached to this report, Attachment B. The proposed amendments were sent to Chelan County Community Development, Fire District #3, Chelan County PUD, and Leavenworth Public Works for agency review, as well as the required Department of Commerce notice.

The public is encouraged to attend the Planning Commission Hearing and provide testimony before a recommendation is forwarded to the City Council. The Planning Commission may incorporate comments and testimony into the recommendation. Additionally, the City Council will have an opportunity for public testimony at the Council Public Hearing.

RECOMMENDATIONS AND FINDINGS

Staff recommends approval of proposed code amendments based on the following findings of fact and

conclusions of law:

1. The amendment is necessary to resolve inconsistencies in the provisions of the comprehensive plan and/or development regulations or to address state or federal mandates.

Staff Finding: The proposed amendments are not necessary to resolve inconsistencies in the Comprehensive Plan or development regulations. They are intended to ensure a balance of resident and visitors within the residential neighborhoods, address concerns about housing stock and reduce the impact of tax assessments between residential structures and Bed & Breakfast businesses. Specific amendments include:

- A. Limit B&Bs to one bedroom in accessory dwelling units with no additional rooms in the associated single-family residences

The purpose of this amendment is to encourage larger ADUs to be used for long-term rentals or ownership.

- B. Limit B&Bs to two bedrooms in the SFR with no additional rooms in the ADU

The purpose of this amendment is to encourage smaller (less than the current 3 bedroom) B&Bs within the single-family residence and retaining ADUs for long-term rentals.

- C. Limit all CUPs to expire with new ownership (any transfer of ownership not associated with a marriage/divorce or death)

Limit the impacts of inflated housing evaluations from the Chelan County Assessor's annual assessments. Currently, the Assessor does not adjust residential values from residences which have a B&B, see email dated August 14, 2023.

- D. Limit the number of overall B&Bs in residential zones to 4% of the overall housing stock in support of retaining residential housing stock.

While short-term rentals (STR) are not B&Bs they have some similarities – both provide overnight stays in residential homes. Chelan County limits STR in the rural areas for Leavenworth at 8% of the overall housing stock.

The 2021 Housing Action Plan background data states that the Leavenworth has approximately 30% of existing housing stock being used by second home owners. Both second homes and B&Bs, which rent the entire dwelling, result in a reduction in the housing available for residents.

2017 Assessing and Responding to Short-Term Rentals in Oregon, University of Oregon (provided by Sean Lynn) Introduction and Executive Summary, reviews the pro's and con's of short-term rentals (which are not B&Bs) and outlines regulatory best practices for STRs.

Use of ADU for B&B helps owners pay for construction; timing it out will permit others to do the same and increase the overall number of ADUs.

- E. Other minor amendments and a restructuring of the code were done for clarity.

Conclusion: The amendments are not necessary to resolve inconsistencies in the provisions of the comprehensive plan or address regulations but address concerns about lost housing stock, neighborhood impacts of B&Bs and the need to clarify the regulations.

2. The amendment is consistent with the overall intent of the existing comprehensive plan and the other documents incorporated therein.

Staff Finding: The Comprehensive Plan provides several goals and policies related to Housing

and one related to home occupations (similar use to B&Bs):

LU Policy 2.4: Acknowledge nonresidential uses in Residential zones, such as schools, religious facilities, home occupations, parks, open spaces, senior centers and day care centers. Maintain development standards which respect the character and scale of the neighborhood.

H Goal 2: Promote diversity of residential densities and housing types, being mindful for racial disparities and accommodating a range of housing needs, including elderly, physically challenged, mentally impaired, special needs segments of the population, low-income, workforce and emergency housing needs by:

- *Supporting affordable housing needs for low-income residents.*
- *Encouraging cluster subdivision, planned developments and other zoning techniques that allow for density bonuses or other mechanisms for higher density and greater utilization of land.*
- *Supporting moderate density housing types, including accessory dwelling units, duplexes, triplexes and townhomes within all residential zones.*

Conclusion: The amendments are consistent with the overall intent of the comprehensive plan.

3. The amendment is consistent with the assumptions and/or other factors such as population, employment, land use, housing, transportation, capital facilities, economic conditions, etc., contained in the comprehensive plan.

Staff Finding: The proposed amendments may provide site specific benefits for development but have no direct correlation to population, employment, capital facilities, or economic conditions.

Conclusion: The amendments do not impact the assumptions or other factors within the Comprehensive Plan.

4. The amendments are consistent with the requirements of the Growth Management Act and the county- wide planning policies.

Staff Finding: The existing Comprehensive Plan is compliant with the Growth Management Act and the County-Wide Planning Policies. The proposed code amendments do not change the substance or intent of the Comprehensive Plan.

Conclusion: The amendments are consistent with the requirements of the Growth Management Act and the county-wide planning policies.

5. The amendments are consistent with and do not adversely affect the supply of land for various purposes which are available to accommodate projected growth over a twenty-year period.

Staff Finding: The overall land available for development will not change as a result of the proposed amendments.

Conclusion: The amendments are consistent with and do not adversely affect the supply of land for various purposes which are available to accommodate projected growth over a twenty-year period.

6. Where applicable, conditions have changed such that assumptions and/or other factors such as population, employment, land use, housing, transportation, capital facilities, economic conditions, etc., contained in the comprehensive plan have been revised and/or enhanced to reflect said conditions;

Staff Finding: The proposed amendments do not pose any change to the Comprehensive Plan.

Conclusion: Not applicable.

7. Amendments to the comprehensive plan land use designation map(s) are either consistent and/or compatible with, or do not adversely affect, adjacent land uses and surrounding environment;

Staff Finding: The proposed code amendments will not change the Comprehensive Plan maps.

Conclusion: Not applicable.

8. The proposed amendments are consistent with and do not negatively impact public facilities, utilities and infrastructure, including transportation systems, and any adopted levels of service.

Staff Finding: The proposed amendments relate to design standards and review processes and will not change the requirements for concurrent infrastructure.

Conclusion: Not applicable.

9. The proposed amendment does not adversely affect lands designated resource lands of long-term commercial significance or critical areas.

Staff Finding: There are no designated resource lands within the City limits. The proposed amendments have no change to the requirements for environmental review and compliance with critical area regulations.

Conclusion: The proposed amendments do not adversely affect lands designated resource lands of long-term commercial significance or critical areas.

Attachment A: LMC Section 18.52.120

Attachment B: 2017 Assessing and Responding to Short-Term Rentals in Oregon, University of Oregon (partial)

Attachment C: Public Comments (excluding comments provided during the PC meetings (see PC Minutes)

DRAFT CODE AMENDMENTS

18.52.120 Conditional use permit – Bed and breakfast.

A. Purpose of permitting Bed and Breakfasts within the Residential Zoning Districts is to provide an option for property owners to supplement household income or recouping maintenance/development costs for housing stock.

B. No Bed & Breakfast shall be permitted within the City limits when the existing percentage of bed and breakfasts are at or above 4% of the total housing stock within the residential zoning districts. The 4% shall be defined by the Assessor's data, for residential dwellings (State Code 11) in residential zoning districts within the City Limits. However, if the B&B is operated within the same dwelling as the owner (not a separate dwelling), it shall not be calculated in the 4% cap because it is not removing a dwelling unit from the overall housing stock.

Within the County UGA, the total percent of B&Bs shall be 4% of the UGA housing stock within the UGA's residential zoning districts, following the same calculation process as the City.

C. In granting a conditional use permit for a bed and breakfast in addition to the criteria in LMC 18.52.050 and 18.52.060 where applicable, the hearing examiner shall impose the following minimum conditions to allow a bed and breakfast as a conditional use:

1. ~~A.~~ The bed and breakfast facility shall be the principal residence of the property owner. A property owner must live on-site throughout the visitor's stay.

2. ~~B.~~ Single-family dwellings may use up to two bedrooms for a bed and breakfast or ~~a Detached units with rooms are allowed.~~ Accessory dwelling units may use up to one bedroom for ~~may be allowed to be a part of a~~ the bed and breakfast.

i. ~~C.~~ A bed and breakfast may only be offered in a space intended for human habitation. For example, a property owner may not rent a space in an accessory structure that is a storage shed or garage.

3. ~~D.~~ The maximum number of occupants permitted to stay overnight shall be two people for each bedroom, excluding children under the age of six.

4. Bed and breakfast facilities in or adjacent to residential districts shall not infringe upon the right of neighboring residents to reasonable peaceful occupancy of their homes.

5. A written management plan shall be submitted for approval as a part of the conditional use permit process. It shall include, at a minimum, the proposed management structure, providing guests with information related to emergency exit routes, 24 hours a day seven days a week contact information, required guest rules and regulations, including for litter control, quiet hours, parking and proposed methods to enforce occupancy limitations and other requirements. In addition to providing the plan to the city of Leavenworth, contact information shall be provided to the adjacent properties, District 3 fire chief, and Chelan County sheriff. A legible sign shall be placed adjacent to the front door (outside), clearly visible to the general public listing the maximum number of occupants permitted to stay overnight, the maximum number of vehicles allowed to be parked on site, and the name and contact information of the contact person. Quiet hours shall, at a minimum, be from 10:00 p.m. to 7:00 a.m., or as otherwise provided by

Attachment A

city or state regulations, whichever is more stringent. The management plan may be modified with amendment to the conditional use permit.

6. Driveways accessing a bed and breakfast which are more than 100 feet in length shall have an improved width of at least 12 feet with appropriately spaced cutouts to facilitate the passage of two vehicles traveling in opposite directions.
7. One off-street patron/visitor parking space, not located within a required yard area, shall be provided for each room rented. All parking must be accommodated on site.
8. The hearing examiner may impose other conditions, such as additional parking, improved access, landscaping, or screening, if found necessary to protect the best interests of the surrounding properties of the neighborhood due to the nature of the site or the facility.

D. Approved Bed and Breakfast facilities shall comply with the following:

1. An operator shall provide an affidavit certifying that the property owner will comply with all of the provisions of the bed and breakfast regulations, conditional use permit, business license conditions for operating a bed and breakfast, and all relevant laws shall be required.
2. ~~E.~~ Bed and breakfast facilities shall meet and maintain all applicable health, fire safety, and building codes. New, converted, or annexed bed and breakfast facilities shall be inspected by the city of Leavenworth prior to operations.
3. Bed and breakfasts shall obtain a city business license and separate annual permits from the city. The reafter with renewal of annual permit and, inspections shall be conducted by the property owner via the "Annual Building, Fire and Life Safety Occupancy Permit Application" provided by the city with the annual permit renewal process. All bed and breakfasts shall receive an annual permit from January 1st to December 31st, under limited administrative review, documenting conformance with city code and agreement to conform to all requirements, including permits, licenses and permits. The International Fire, Residential, and Building Codes shall be applied at the time of permit for use.

~~F. Bed and breakfasts shall be residential in appearance.~~

~~G. Bed and breakfast facilities in or adjacent to residential districts shall not infringe upon the right of neighboring residents to reasonable peaceful occupancy of their homes. H. Bed and breakfasts shall obtain a city business license and separate annual permits provided by the city.~~

4. Advertisement of the B&B shall:

- i. In any advertisement of the bed and breakfast, the property owner must include the business license number issued by the State and note the city endorsement.
- ii. The property owner must clearly advertise the bed and breakfast as property owner occupied. This applies even in cases in which the bed and breakfast takes place in an accessory dwelling unit.

Attachment A

- iii. One nonilluminated sign, not to exceed four square feet, on the exterior of the bed and breakfast shall be permitted subject to the review process appropriate to the zoning district.

5. The property owner shall complete an annual permit process, including the following:

- i. Within the annual permits provided by the city, the property owner shall report to the city the following minimum information:
 - 1. The address of the bed and breakfast; and the contact name(s) of the property owner.
 - 2. The total number of nights that the bed and breakfast was occupied for transient accommodation or lodging.
 - 3. The property owner shall both have legal responsibility for the collection of all applicable taxes and remittance of the collected tax.
 - 4. The property owner must provide its clients or potential clients the following disclosure: On January 24, 2017, the Leavenworth City Council adopted the new Bed and Breakfast Ordinance reiterating its existing prohibition on the rental of entire dwellings as vacation rentals. The new Bed and Breakfast Ordinance also legalized the short-term rental of a portion of a person's home when the property owner lives on-site throughout the visitor's stay and when the property owner obtains appropriate permits, including a business license. The property owner is also required to collect and remit necessary taxes.
- ii. The city of Leavenworth hereby adopts a fire and life safety self-inspection program for bed and breakfast facilities operating within the city limits of Leavenworth. After the initial inspections with permitting, the property owner from that time forward, shall conduct a self-inspection of their property annually. The inspection is to be conducted by the property owner, or their designee.
 - 1. A standard letter from the city will be mailed to the property owner requiring the self inspection. A partial list of fire and building inspection review elements will be included with the inspection form. The city supplied self-inspection form shall be completed and signed by the property owner and returned to the city, no later than 30 days after receipt from the city. A copy of the certificate of occupancy or change of use permit application must accompany the self-inspection form together with the applicable application fee as established by resolution of the city of Leavenworth.
 - 2. In the event a property owner fails to timely file the self-inspection form with the city of Leavenworth, the city may order an on-site inspection by the city building and/or fire official or designee and the property owner shall be billed the applicable fee for said on-site inspection. Random inspections may be conducted by the city at the city's discretion. Within

Attachment A

a three-year cycle, all properties shall be inspected by the city. The inspection fee shall be established by resolution of the city council.

E. Any person, partnership, association, firm or corporation who violates or fails to comply with this chapter is guilty of a civil infraction and is subject to the civil penalties and remedies and corrective actions as set forth in Chapter 21.13 LMC.

1. ~~O.~~ Violation of the conditions of approval, as determined by the city, shall result in a monetary penalty of \$2,000; any second violation within two years (24 months) of the first violation, shall result in revocation of the bed and breakfast permit and a potential monetary penalty of \$2,000 enforced in accordance with Chapter 21.13 LMC, both the violation and revocation may be appealed pursuant to Chapter 21.11. Re-establishment shall be ~~allowed~~ permitted administratively with compliance and remittance of the monetary penalty, and any other fees necessary for permit issuance.

F. Expiration of Conditional Use Permit for Bed & Breakfasts. In order to provide opportunity for residents to have a B&B, and encourage infill development, Conditional Use Permits for Bed & Breakfasts shall expire immediately upon transfer of ownership. Transfer of ownership shall be any transfer not associated with a marriage, divorce or death. This expiration shall be applicable to all B&B permits regardless of the date of decision or the form of approval. This provision shall go into effect January 1, 2033.

~~H. A written management plan shall be submitted for approval as a part of the conditional use permit process. It shall include, at a minimum, the proposed management structure, providing guests with information related to emergency exit routes, 24 hours a day seven days a week contact information, required guest rules and regulations, including for litter control, quiet hours, parking and proposed methods to enforce occupancy limitations and other requirements. In addition to providing the plan to the city of Leavenworth, contact information shall be provided to the adjacent properties, District 3 fire chief, and Chelan County sheriff. A legible sign shall be placed adjacent to the front door (outside), clearly visible to the general public listing the maximum number of occupants permitted to stay overnight, the maximum number of vehicles allowed to be parked on site, and the name and contact information of the contact person. Quiet hours shall, at a minimum, be from 10:00 p.m. to 7:00 a.m., or as otherwise provided by city or state regulations, whichever is more stringent. The management plan may be modified with amendment to the conditional use permit.~~

~~I. One nonilluminated sign, not to exceed four square feet, on the exterior of the bed and breakfast shall be permitted subject to the review process appropriate to the zoning district.~~

~~J. The property owner must clearly advertise the bed and breakfast as property owner occupied. This applies even in cases in which the bed and breakfast takes place in an accessory dwelling unit.~~

~~K. Driveways accessing a bed and breakfast which are more than 100 feet in length shall have an improved width of at least 12 feet with appropriately spaced cutouts to facilitate the passage of two vehicles traveling in opposite directions.~~

~~L. One off-street patron/visitor parking space, not located within a required yard area, shall be provided for each room rented. All parking must be accommodated on site.~~

Attachment A

- ~~—M. The hearing examiner may impose other conditions, such as additional parking, improved access, landscaping, or screening, if found necessary to protect the best interests of the surrounding properties of the neighborhood due to the nature of the site or the facility.~~
- ~~—N. An affidavit certifying that the property owner will comply with all of the provisions of the bed and breakfast regulations, conditional use permit, business license conditions for operating a bed and breakfast, and all relevant laws shall be required.~~
- ~~—P. Within the annual permits provided by the city, the property owner shall report to the city the following minimum information:
 - ~~—1. The address of the bed and breakfast; and the contact name(s) of the property owner.~~
 - ~~—2. The total number of nights that the bed and breakfast was occupied for transient accommodation or lodging.~~
 - ~~—3. The property owner shall both have legal responsibility for the collection of all applicable taxes and remittance of the collected tax.~~
 - ~~—4. The property owner must provide its clients or potential clients the following disclosure: On January 24, 2017, the Leavenworth City Council adopted the new Bed and Breakfast Ordinance reiterating its existing prohibition on the rental of entire dwellings as vacation rentals. The new Bed and Breakfast Ordinance also legalized the short-term rental of a portion of a person's home when the property owner lives on-site throughout the visitor's stay and when the property owner obtains appropriate permits, including a business license. The property owner is also required to collect and remit necessary taxes.~~~~
- ~~—Q. The city of Leavenworth hereby adopts a fire and life safety self-inspection program for bed and breakfast facilities operating within the city limits of Leavenworth. After the initial inspections with permitting, the property owner from that time forward, shall conduct a self-inspection of their property annually and submit a self-inspection form to the city no later than 30 days after receipt from the city. The inspection is to be conducted by the property owner, or their designee.~~
- ~~—R. A standard letter from the city will be mailed to the property owner requiring the self-inspection. A partial list of fire and building inspection review elements will be included with the inspection form. The city supplied self-inspection form shall be completed and signed by the property owner and returned to the city. A copy of the certificate of occupancy or change of use permit application must accompany the self-inspection form together with the applicable application fee as established by resolution of the city of Leavenworth.~~
- ~~—S. In the event a property owner fails to timely file the self-inspection form with the city of Leavenworth, the city may order an on-site inspection by the city building and/or fire official or designee and the property owner shall be billed the applicable fee for said on-site inspection. Random inspections may be conducted by the city at the city's discretion. Within a three-year cycle, all properties shall be inspected by the city. The inspection fee shall be established by resolution of the city council.~~

Attachment A

~~T. Any person, partnership, association, firm or corporation who violates or fails to comply with this chapter is guilty of a civil infraction and is subject to the civil penalties and remedies and corrective actions as set forth in Chapter 21.13 LMC.~~

~~A.G.~~



Assessing and Responding to Short-Term Rentals in Oregon

ENABLING THE BENEFITS OF THE SHARING ECONOMY

BY: SADIE DINATALE

COMMITTEE CHAIRS: REBECCA LEWIS, Ph.D. and ROBERT PARKER, AICP

This page is intentionally blank.

Table of Contents

Abstract	4
Acknowledgments.....	5
Questions of More Information?.....	5
Executive Summary	6
Introduction	6
Key Findings	6
Conclusion	8
Recommendations.....	8
Chapter 1: Introduction.....	11
Purpose.....	12
Methodology.....	12
Limitations.....	13
Chapter 2: Key Findings	15
What is the prevalence and characteristics of short-term rentals in Oregon?	15
What is the revenue potential of short-term rentals in Oregon?	18
To what extent do short-term rentals constrain the supply of housing?	22
What are the existing perceptions around short-term rentals in Oregon?	24
How are short-term rentals currently being regulated in Oregon?	26
Chapter 3: Conclusions	28
How should policy makers and planners in Oregon respond to short-term rentals?	28
How should planners and policy makers enforce short-term rentals?	35
The Need for Continuous Evaluation	36
Future Research.....	36
Chapter 4: Policy Recommendations.....	38
Regulatory Recommendations	38
Legislative Approaches: A Typology for Smaller Jurisdictions	40
Appendix A: Literature Review	44
Impact of Short-Term Rentals.....	44
Short-Term Rental Policy.....	46
Summary.....	47
Concept Map.....	48
Appendix B: Case Studies	49
Summary Facts.....	50

Legislative Approaches..... 54
Appendix C: Industry Summary for Cities with Airbnbs..... 57
Appendix D: Sensitivity Test, AirDnA vs Airbnb Data..... 62
Bibliography 64

Abstract

Assessing and Responding to Short-Term Rentals in Oregon: Enabling the Benefits of the Sharing Economy

Local, regional, and state governments across the country struggle to manage the impacts of short-term rentals (STRs), and the sharing economy more generally. Often referred to as vacation rentals, STRs are not new to the housing market yet, in the last decade, technology has greatly influenced their prevalence. Private, web-based businesses such as Airbnb, VRBO, HomeToGo, LUXbnb, CouchSurfing, HomeAway, FlipKey, and VaCasa, have given people access to a user-friendly, global marketplace for home sharing.

As the sharing economy proliferates, STRs have often flown under the radar of government taxation and regulation. Accordingly, many perceived negative impacts of STRs exist including the loss of tax revenue and impacts on traditional lodging businesses, neighborhoods, housing affordability, and housing availability. Still, the widespread use of these platforms show evidence of many localized benefits. Some of these benefits include allowing property owners to earn income by renting out their unused space, offering tourists an experience that is more unique, and among others, driving visitors to places not conventionally accessible for tourists (spurring economic activity in new areas and communities).

Because this economic activity, as it used today, is a relatively new phenomenon, existing research is sparse and tends to focus on large/mega cities. Thus, this research fills an important gap by focusing on small, tourism-oriented towns in Oregon. We address the following research questions in this paper: 1) What is the prevalence and characteristics of short-term rentals in Oregon? 2) What is the revenue potential of short-term rentals in Oregon? 3) What are the existing perceptions around short-term rentals in Oregon? 4) How are short-term rentals currently being regulated in Oregon? 5) To what extent do short-term rentals compete with long-term rentals?

To examine the prevalence of short-term rentals, we rely on city-level data from AirBnB and property-specific data from AirDnA, for cities under 100,000 in population. We also use American Community Survey data to examine the share of total housing units and vacant units with short-term rentals. To understand the positive and negative impacts and the regulatory environment, we rely on a survey administered to city managers and city planners.

This work provides timely and valuable information to small and mid-sized cities regarding a recent trend affecting housing. Planners and city staff need to understand how short-term rentals are affecting their communities and respond with appropriate regulatory controls.

Acknowledgments

A sincere thank you to Rebecca Lewis, PhD and Robert Parker, AICP for providing guidance and direction on this project as committee chairs. In addition, thank you to Beth Goodman for your generous consultation.

Moreover, I would like to thank the University of Oregon's Department of Planning, Public Policy and Management for providing financial support.

Thank you to the many individuals who provided input with survey responses and thank you to AirBnB who has supported this research by providing valuable data.

Questions of More Information?

Oregon communities interested in short-term rental data for their community, county, or region (or who have questions about this report) can contact Sadie DiNatale at Sadie.dinatale@gmail.com.

Executive Summary

This summary briefly outlines the purpose of this project, delineates key findings, and concludes with ways to respond to the impacts of short-term rentals (STRs) in smaller cities.

Introduction

Short-term rentals (STRs) are often defined as housing units that are rented or leased for less than 30 days, although they are not officially defined by state or federal authorities. Part of the sharing economy, STRs are representative of a phenomenon in which people are increasingly choosing to share access to goods and services via a lateral or hierarchical exchange (which often includes a monetary exchange as well). This trend has been understood to offer both benefits and costs to communities across the country.

Accordingly, this project uses Airbnb property data for the state of Oregon to understand how this sharing economy activity influences cities with populations fewer than 100,000. Case studies are used to delve deeper into this analysis. A survey sent to Oregon city managers and planning directors complements this research by gauging the existing policy frameworks for STRs in Oregon. This survey provides insight into how cities view STRs and assists in the development of regulatory best practices for responding to STR impacts.

Key Findings

What is the prevalence and characteristics of short-term rentals in Oregon cities with <100,000 people?

- Airbnbs account for more than 5% of total housing in only 16 cities, indicating that short-term rentals are not prevalent in most jurisdictions. Still, we must qualify this statement with the fact that not all short-term rentals are equivalent to one dwelling unit.
- Airbnbs are most prevalent in Central Oregon and the North Coast.
- From 2014 to 2016, the number of new STRs created increased by roughly 180%.
- Short-term rentals tend to be in lower income neighborhoods more commonly.
- Most Airbnb hosts operate a single STR. Of approximately 4,400 hosts, 22% operate more than one STR.
- Approximately 70% of Airbnb hosts rent out their entire home/apartment (either primary or second home) and another 30% of STRs are listed or rented out as a private room (the remaining 1% is listed as a shared room).
- Most STRs are traditional property types. Approximately 60% of all listed properties are houses and another 13% are apartments.

What is the revenue potential of short-term rentals in Oregon cities with <100,000 people?

- Short-term rentals generate substantial revenue in Oregon. Hosts have earned an aggregated \$82 million in the last year.
- Nine of the 15 cities with the highest grossing revenue are in the North Coast.
- Eight of the 15 cities with the highest revenue per capita are also located in the North Coast.

- Approximately 70% of Airbnb hosts generate less than \$10,000/year in gross revenue for operating their short-term rental(s).
- Transient lodging taxes (TLT) imposed on Airbnbs by the state generate substantial fiscal revenue. The state, imposing a 1.8% TLT on an estimated \$82 million, earned approximately \$1.5 million from Airbnb STRs in the last year.

To what extent do short-term rentals constrain the supply of housing in Oregon cities with <100,000 people?

- Half of all STRs are reserved for less than 30 days (36% are reserved for 10 or fewer days).
- In more urbanized regions such as Portland Metro and Willamette Valley, STRs are operated as private rooms slightly more than as entire homes.
- Perhaps a more accurate determination of housing supply constraints is the ratio of STRs (entire homes, rented for more than 30 days per year) to total housing units. Using this ratio to measure supply constraints, STRs account for approximately 2% of total housing in the North Coast and approximately 1.8% in Central Oregon.
- For most case study cities, data suggests that STRs are constraining the supply of long-term housing.
 - In case study cities, new STR growth is increasing at a faster rate than newly constructed total housing units.
 - Property owners in resort communities (case studies) can generate more annual revenue off STRs than they can off standard long-term rental units.

What are the existing perceptions around short-term rentals in Oregon?

- In general, survey respondents indicated that while residents shared mixed perceptions about STRs, local elected officials and businesses within the accommodation sector viewed STRs as less problematic.
- STRs provide great benefits including their ability to provide transient lodging tax revenue, to support tourism activities, and to support communities that rely on tourism.
- STRs economically weaken communities by impacting resources such as the availability of housing (especially affordable and rental housing) and police and city staff time who deal with complaints from neighbors/business owners.
- Respondents who agreed or strongly agreed with that statement that STRs evaded policies and regulations in their communities (26%), surprisingly did not all agree that their policies were ineffective.
- Communities who do not see the need to regulate STRs indicated that STRs are either not a problem in their community (e.g. there are no STRs or not enough STRs to regulate) or that STRs fit in with the character of their community and therefore regulation was not necessary.
- Most communities who will potentially develop ordinances to regulate STRs in the next five years will do so primarily to formalize the process and rules associated with it, legitimize existing situations, develop clear and objective standards, and promote fairness.

How are short-term rentals currently being regulated in Oregon?

- STRs are commonly referred to as short-term rentals, transient rentals, or vacation rentals.
- STRs are most commonly defined as units rented for less than 30 days.

- Most regulations for STR require that operators have a license and/or permit (92%) and 81% of respondents also indicated that their community imposes a transient lodging tax (or similar tax) on STRs.
- Respondents also commonly regulate STRs by relying on concentration caps or occupancy requirements.
- Most respondents (60%) find their regulations for STRs, or lack thereof, to be neither effective nor ineffective in managing the economic benefits or negative impacts of short-term rentals.
- STR ordinances were most commonly enforced by issuances of administrative citations (62%) and fines (58%).

Conclusion

We know that the solution to STRs will be different for every city. What is true for Oregon is true for communities across the United States: STRs affect cities dissimilarly and in turn, view STRs diversely. Accordingly, many communities have taken the experimental and incremental approach, not knowing if their policy will truly mitigate the impacts and/or enable the benefits hoped for but needing to trial something.

In the response to short-term rentals, communities should **construct regulations in conjunction with both a local, community conversation and a regional conversation.** This inclusivity aspect is key to construct equitable regulations less likely to be evaded and more likely to mitigate the negative externalities created by STRs and these policies themselves.

Additional best practices are as follows. More information on these practices can be found in Chapter 3.

- Define Short-Term Rentals and Codify Regulations in City Ordinances
- Distinguish Between Short-Term Rentals
- Restrict Use or Incentivize Moderate Use (rather than banning STRs)
- Normalize STRs as a Residential Activity (with Caveats)
- Permit STRs in Premium Areas with Monitoring
- Develop Appropriate Regulatory Standards
- Require STRs to Get a Permit or License
- Require STR Operators to Pay Fees and Taxes

Regarding enforcement, it is difficult for governments to regulate something they do not have complete control over. Initiating community conversations to educate and encourage appropriate use of STRs can, however, induce a culture of self-regulation and compliance.

Recommendations

The following sections break recommendations into minimum requirements and ancillary requirements for cities. Next, I provide recommendations for counties/regions and the State.

Minimum Regulatory Recommendations for All Cities

Whether a city has STRs or not, communities should establish the following regulations, even as a precautionary measure:

1. Legally define STRs as “short-term rentals” and establish a fair frequency of use standard that is complimentary of regional standards.
2. Codify regulations in local ordinance. Impose a guest capacity limit and require inspections.
3. Levy a transient lodging tax (if not imposed at the county level).
4. Require that STR operators register their unit(s) on an annual basis.

Ancillary Regulatory Recommendation with Thresholds for Cities

Variations in number and concentration of STRs should influence policy choices. The following recommendations provide thresholds for ancillary regulations as a starting point. In that, thresholds may vary between communities.

1. Restrict (cap/limit) STRs or incentivize moderate use if STRs account for more than 4% of total housing stock.
2. Impose a clause that revokes a STR permit for properties that receive more than five nuisance complaints in a calendar year.
3. Limit STRs in proximity to other STRs (deconcentrate) when city-wide/area-specific nuisance complaints exceed 25 complaints in a calendar year. Communities should establish a fair distance (e.g. 50 to 200 feet buffer between STRs), weigh equity implications, and re-evaluate buffer distance every two to five years.
 - a. Before establishing a buffer distance, cities should increase regulatory standards and evaluate whether nuisance complaints reduce (e.g. establishing minimum parking standards may mitigate parking complaints).

Recommendations for Counties and Regions

Smaller jurisdictions may have difficulties managing STRs. That said, counties/regions should help facilitate proper management of STRs.

1. Levy a transient lodging tax at the county level if barriers exist for cities to impose their own (due to population size, low prevalence of STRs in individual communities, administrative limitations, etc.).
2. Establish a regional representative or liaison to attend Sharing Economy Committee meetings (see first “Recommendation for Oregon”). Regional liaisons should represent multiple counties.

Recommendations for Oregon

Oregon can and should become a leader in the management of STRs. This will require the state to become a leader in sharing economy affairs.

1. Establish a Sharing Economy Committee to facilitate research (including analysis of STR trends) and to assist communities across the state dealing with various issues. The objective of this committee should be one in support of sharing economy activities.

2. Hire a state employee to work directly in sharing economy affairs. Responsibilities should include:
 - Analyze sharing economy trends across the state, country, and globe
 - Communicate initiatives, information, and best practices to governments across the state
 - Provide government assistance in STR management
 - Collaborate with sharing-economy platforms
 - Collect data
 - Participate in global sharing economy networks
 - Coordinate state Sharing Economy Committee meetings, trainings, and workshops
 - Launch policy demonstration studies to pilot regulatory frameworks and options
3. Maintain a neutral Transient Lodging Tax at 1.8% to allow regions and cities to use their tax rates to manage STR growth.
4. Establish a pool of funding to help small communities amend land use ordinances for STRs.

Builderman

CONSTRUCTION INC.

4/6/23

To: Maggie Boles/ planning commission

Re: ADU/B&B

Hi Maggie,

I attended the public meeting to listen to comments on ADU/B&B access. It was tabled for further discussion. I was hearing mostly complaints about the condition of the alleys, one man concered about speed limit. It is very difficult to meet the 10 ft setback parking on the main street the ADU is located. It requires most people to pave their front yard, which ruins the neighborhood aesthetics. The setback from the alley for an ADU is 15 ft. If you require a 5ft set back and parallel parking by the ADU, the tenant can unpack right next to the door. If I park in back and walk to the front and tenant parks in front and walks to the back, it doesn't create more alley trips its just nonsense. I think the city should allow ADU/B&B access by permit. The cost of the permit should be you have to grade and gravel the alley from your property corner to your next property corner. That would address the alley condition for the B&B use. They should post slow signs on the entrance to alley way. There are a few homes on my alley that have their sole garage facing the alley. Some people don't understand that building an ADU that is connected to the house is just part of the house, you cant stop people from building additions to their homes. I think the number of people who could actually build an ADU is extremely limited due to lot size and set backs. The number of people who would want to go through the process to get a B&B permit is even smaller. I don't think a cap or moratorium is necessary. I do think an ADU should be 1 or 2 bedroom, its supposed to be an " accessory dwelling "not a house. I think the permit should run with the land, as it has value. The new owner should be required to meet with a building official to go over all codes and requirements before the permit transfers. I built my ADU for personal use, friends ,relatives, part time short term rental during high season when all the hotels are booked. I hear the buzzword workforce housing, affordable housing. Why don't the people complaining offer empty bedrooms to work force? When they propose a giant box with vinyl windows next to their neighborhood. The same people will complain the section 8 people and low income people are committing crimes all over. The building is ugly and a mess. Ive owned a home in Leavenworth for 19 yrs. I grew up in the Edmonds area. Lots of teachers work in Kirkland and Bellevue and live in Lake Stevens where housing is affordable. The only way

to have affordable housing in Leavenworth is by all government subsidy, and nobody will want it by them. All the people who cry for cheap housing, ask them HOW?

Please enter my comments in the discussions, if any staff would like to come out to my ADU and see an actual B&B I'm happy to show them.

Thank You, Ken Stevenson

8/3/23

To: Lilith Vespier, CDD

Hi Lilith, My name is Ken Stevenson. I own an ADU @ 262 Scholze St, approved for BB use.

I watched the zoom meeting 8/2/23 and others regarding BB standards. Its my opinion that not allowing BB owners to use alleys adjacent to their ADU is highly discriminatory as it singles out one minority group to exclude from use. Any person who has a vehicle, bike, motorcycle, a garage on the alley can use the public alley. I have a garage on the alley as do many of my neighbors, we can use the alley 400 times a day if we chose to. By making BB parking in front of residences it forces people to pave the majority of their front yard to meet ridiculous set back front out driving. I heard a lady comment that that wrecks the front yard neighborhood feel of the street. I agree. I have parking 5 feet from the ADU front door, but tenants have to follow a path for a hundred feet through yard hauling gear in snow and heat. It makes no sense. If a person parks in back using alley, the car is out of site, not taking up a front yard, not blocking alley. I think a 5ft set back from alley parking parallel to alley adjacent to access point to ADU is much

From: [Sean Lynn](#)
To: [Lilith Vespier](#)
Subject: Re: Planning Commission draft B&B code changes
Date: Tuesday, August 1, 2023 5:01:09 PM
Attachments: [DiNatale_final_project_2017.pdf](#)

Hi Lilith,

Thank you for the opportunity to comment on the B&B Density Options discussion. I don't really have a dog in this fight and am fine with the B&B a few doors away from my house. That said, I have seen the County regulations for STRs which are complex and difficult to navigate really damage and dishearten many of our County's residents by attempting to regulate far more than what was needed to solve the issues.

We all need to keep in mind that Leavenworth is a thriving tourist town and data can prove that legally permitted B&Bs within residential zones cause little to no nuisance issues.

18.52.120(B)

Bedroom Limit- State and Chelan County code allows for 3 guest rooms. I think we should adhere to the County and State law and allow citizens to rent out 3 rooms if they qualify.

18.52.120(P)

Violation Penalties- \$2000 seems very high and the three year window for a second violation causing revocation seems excessive. Suggest change to 3rd violation within a year causes revocation. Please note- The threat of revocation of a permit is far greater than any fee the city could charge and 3 violations in one year would clearly indicate a bad operator.

Revocation of a permit would be quite devastating to a well intentioned homeowner that had invested significant resources to obtain the BNB permit.

18.52.120(V)

Expiration upon change of ownership- Typically CUPs stay with the land and for good reason. If an individual modifies an SFR or ADU to accommodate guests and spends significant resources doing so they should be allowed to sell a home that has been modified for that purpose and have the new owner continue to utilize the B&B permit if they choose to do so. At the very least this expiration regulation should only pertain to new permits issued after the code change if this section is modified.

18.52.120(W)

Cap of B&Bs- An indepth Oregon study by Sadie Dinatale suggested that 4% was a good STR cap for rural areas and cities that received minimal tourist activity in Oregon State. In cities and areas where tourism was a major economic driver that the percentage could be much higher such as 10% There is no doubt that Leavenworth's major economic driver is tourism and I believe a cap of 15% would be much more appropriate with what should be expected in a tourist heavy town. I have attached the Dinatale study if interested.

I believe in property rights of the individual and believe that most B&B's legally operating within the city do so quietly and respectfully. I believe in free markets and less government regulation. There is a small but well educated group of residents that just do not like STRs or B&Bs that regularly attend and make their voices heard at meetings and on social media. I believe that the bulk of Leavenworth citizens are ok with B&Bs in the residential areas as long as they are reasonably regulated. Thank you for the opportunity to comment. Sean

On Mon, Jul 31, 2023 at 9:53 AM Lilith Vespier <lvespier@cityofleavenworth.com> wrote:

Hi Sean, I'm not sure if you are following the B&B density discussions with the Planning Commission. The City Council wanted to talk about capping the number of B&B's. The Planning Commission looked at multiple ways to achieve that goal. One option is a % of SFRs. They also talked about the sales impact of B&Bs on similar sized home assessments. I have a question in the Assessor's Office about how B&B's are reviewed. In the meantime, the PC is recommending that CUP's sunset with a change of ownership. That language needs more refinement but the idea is there.

I've attached the latest version and would welcome your comments before we get to a public hearing, if you have time.

Much appreciated,

Lilith Vespier, AICP (*she/her*)

Community Development Director

City of Leavenworth

Community Development Department

700 US Highway 2 | PO Box 287

Leavenworth, Washington 98826

P 509.548.5275 ext. 131 | C 509.668.9148 | F 509.548.6429

www.cityofleavenworth.com

This e-mail may be subject to public disclosure - appropriate discretion should be used when replying.

From: [Sean Lynn](#)
To: [Lilith Vespier](#)
Cc: [Alison Miller](#)
Subject: Re: Planning Commission draft B&B code changes
Date: Wednesday, August 2, 2023 8:51:28 AM

Hi Lilith,

I understand your concern but I think the assumption is a one to one ratio of ADUs being built will be LTR instead of B&Bs. In reality ADUs will likely not be built at the same rate for LTRs as they would for B&Bs. ADUs would likely be cost prohibitive and create scenarios where the ADU could not be used by friends and family which is one of the reasons why B&Bs are so attractive to homeowners due to the flexible uses.

Let's also keep in mind that B&Bs can be in SFRs with no ADU (unless I am incorrect) By creating a very low cap struggling homeowners may not be able to get a B&B permit and share their home. I'm thinking of widowed or divorced folks that may be empty nesters that would need that extra income to stay in their home creatively. This is a very real scenario I see in the STR world.

I fully understand what the intent is but unintended consequences should be considered as well. Affordable and workforce housing is a major issue across our nation. STR's and B&Bs certainly do not help the issue but are a very minor cause of the issue compared to much larger issues such as existing housing stock, cost to develop and build, economics and social issues.

Again I don't have a dog in the fight just offering up my perspective for consideration. I appreciate being included in the conversation. Sean

On Wed, Aug 2, 2023 at 8:28 AM Lilith Vespier <lvespier@cityofleavenworth.com> wrote:

Thanks Sean for the time and thoughts. They will be helpful as we move forward. I do want to respond to 15% cap. It is very high and requires the city to increase our land and housing projects that much more beyond the projected population increases. We also have 30-35% second home ownership so combining those could be 50% increase in housing needs. That makes for some big numbers. I don't see that we have the land or the community support for more density. But I'm glad you put out a number and will review the study too.

Thanks again,

[Lilith Vespier, AICP](#) *(she/her)*

P 509.548.5275 ext. 131 | C 509.668.9148 | F 509.548.6429

From: Sean Lynn <sean@loveleavenworth.com>
Sent: Tuesday, August 1, 2023 5:00 PM
To: Lilith Vespier <lvespier@cityofleavenworth.com>
Subject: Re: Planning Commission draft B&B code changes

Hi Lilith,

Thank you for the opportunity to comment on the B&B Density Options discussion. I don't really have a dog in this fight and am fine with the B&B a few doors away from my house. That said, I have seen the County regulations for STRs which are complex and difficult to navigate really damage and dishearten many of our County's residents by attempting to regulate far more than what was needed to solve the issues.

We all need to keep in mind that Leavenworth is a thriving tourist town and data can prove that legally permitted B&Bs within residential zones cause little to no nuisance issues.

18.52.120(B)

Bedroom Limit- State and Chelan County code allows for 3 guest rooms. I think we should adhere to the County and State law and allow citizens to rent out 3 rooms if they qualify.

18.52.120(P)

Violation Penalties- \$2000 seems very high and the three year window for a second violation causing revocation seems excessive. Suggest change to 3rd violation within a year causes revocation. Please note- The threat of revocation of a permit is far greater than any fee the city could charge and 3 violations in one year would clearly indicate a bad operator. Revocation of a permit would be quite devastating to a well intentioned homeowner that had invested significant resources to obtain the BNB permit.

18.52.120(V)

Expiration upon change of ownership- Typically CUPs stay with the land and for good reason. If an individual modifies an SFR or ADU to accommodate guests and spends significant resources doing so they should be allowed to sell a home that has been modified for that purpose and have the new owner continue to utilize the B&B permit if they choose to do so. At the very least this expiration regulation should only pertain to new permits issued after the code change if this section is modified.

18.52.120(W)

Cap of B&Bs- An indepth Oregon study by Sadie Dinatale suggested that 4% was a good STR cap for rural areas and cities that received minimal tourist activity in Oregon State. In cities and areas where tourism was a major economic driver that the percentage could be much higher such as 10% There is no doubt that Leavenworth's major economic driver is tourism and I believe a cap of 15% would be much more appropriate with what should be expected in a tourist heavy town. I have attached the Dinatale study if interested.

I believe in property rights of the individual and believe that most B&B's legally operating within the city do so quietly and respectfully. I believe in free markets and less government regulation. There is a small but well educated group of residents that just do not like STRs or B&Bs that regularly attend and make their voices heard at meetings and on social media. I believe that the bulk of Leavenworth citizens are ok with B&Bs in the residential areas as long as they are reasonably regulated. Thank you for the opportunity to comment. Sean

On Mon, Jul 31, 2023 at 9:53 AM Lilith Vespier <lvespier@cityofleavenworth.com> wrote:

Hi Sean, I'm not sure if you are following the B&B density discussions with the Planning Commission. The City Council wanted to talk about capping the number of B&B's. The Planning Commission looked at multiple ways to achieve that goal. One option is a % of SFRs. They also talked about the sales impact of B&Bs on similar sized home assessments. I have a question in the Assessor's Office about how B&B's are reviewed. In the meantime, the PC is recommending that CUP's sunset with a change of ownership. That language needs more refinement but the idea is there.

I've attached the latest version and would welcome your comments before we get to a public hearing, if you have time.

Much appreciated,

Lilith Vespier, AICP *(she/her)*

Community Development Director

City of Leavenworth

Community Development Department

700 US Highway 2 | PO Box 287

Leavenworth, Washington 98826

P 509.548.5275 ext. 131 | C 509.668.9148 | F 509.548.6429

www.cityofleavenworth.com

This e-mail may be subject to public disclosure - appropriate discretion should be used when replying.