



## **Chelan County Planning Commission**

Chair: Jordan McDevitt

Vice Chair: Vicki Malloy

Commissioners District 1: Vicki Malloy, Aaron Young, Ryan Kelso

Commissioners District 2: Jim Newberry, Randy Baldwin, Jordan McDevitt

Commissioners District 3: Carl Blum, Pat Hammersmith, Greg Becker

## **Meeting Agenda**

Wednesday, October 23, 2019 at 6:00 P.M.

Chelan County Administration Building, Room 1

400 Douglas Street, Wenatchee, WA

### **I. Call Meeting to Order**

### **II. Administrative**

A. Review/Approval of Minutes from September 25, 2019

### **III. Public Comment Period**

Comment for any matters not identified on the agenda (limit 3 minutes per person)

### **IV. Old Business**

A. Continued hearing for ZTA 19-004 Short-term rental code and definitions

### **V. New Business**

A. None

### **VI. Discussion, at the Chair's discretion**

### **VII. Adjournment**

Materials available on the Community Development website

**Next Meeting:** November 20, 2019 at 6:00 P.M.

All Planning Commission meetings and hearings are open to the public.

***Chelan County Community Development***

316 Washington Street Suite 301, Wenatchee, WA 98801 ♦ Phone: (509) 667-6586 Fax: (509) 667-6475



# **CHELAN COUNTY PLANNING COMMISSION MINUTES**

Chelan County Special Meeting  
Confluence Technology Center  
285 Technology Center Way  
Wenatchee, WA 98801

Date: September 25, 2019  
Called to Order: 7:05 PM

## **CALL TO ORDER**

Meeting was called to order at 7:05 pm.

## **COMMISSIONER PRESENT/ABSENT**

<b>Greg Becker</b>	<b>Present</b>	<b>Jim Newberry</b>	<b>Present</b>
<b>Randy Baldwin</b>	<b>Present</b>	<b>Carl Blum</b>	<b>Present</b>
<b>Pat Hammersmith</b>	<b>Present</b>	<b>Vicki Malloy</b>	<b>Present</b>
<b>Aaron Young</b>	<b>Present</b>	<b>Ryan Kelso</b>	<b>Present</b>
<b>Jordan McDevitt</b>	<b>Present</b>		

## **STAFF PRESENT**

**Dave Kuhl, Community Development Director**  
**Kirsten Larsen, Planning Manager**  
**David Spencer, Building Official**  
**Angel Hallman, Code Enforcement Manger**  
**Emily Morgan, Planner II**  
**Lisa Ogle, Permit Clerk**  
**Ana Cortes, Permit Clerk**

## **APPROVAL OF JULY 24, 2019 AND AUGUST 28, 2019 MINUTES**

Upon motion and second by Commissioners Blum and Malloy, the Commission unanimously approves the minutes with no changes.

## **PUBLIC COMMENT PERIOD**

No members of the public commented.

### **Item #1**

#### **Workshop for Housing Code Update Presented by the City of Wenatchee Planning Staff**

### **Item #2**

#### **Workshop for Comprehensive Plan update: CPA 2019-001, 002, and 003.**

Planner, Emily Morgan, presented the Comprehensive Plan Amendments to the Commissioners, provided answers to their questions and recommended approval for file # CPA2019-001 and CPA 2019-002. Planner Morgan advised the Commission that CPA2019-003 had been withdrawn.

### **PUBLIC HEARING ITEMS:**

#### **Continued Hearing for ZTA 19-004 Short-term Rental Code and Definitions**

Chairman, Jordan McDevitt, opened the discussion among the Commissioners. Commissioners each discussed their thoughts on the proposed draft code in a round table discussion where each Commissioner was able to state their opinion on the draft code and provided public comment.

### **MOTION:**

Upon motion and second by Commissioner Young and Commissioner Newberry, the Commission voted to direct Chelan County Planning Staff to review and research for potential alternative processes, and return to the Planning Commission with a new proposal at the next Planning Commission meeting on October 23, 2019.

Planning Manager, Kirsten Larsen, asked the Commission for specific direction on code for the draft document.

### **AMENDMENT TO MOTION:**

Upon amended motion and second by Commissioner Blum and Newberry, the Planning Commission provided Chelan County Planning Staff the direction to focus on density within the new revised draft code. Commissioner Kelso was against the motion.

### **RECESS:**

Continued discussion in regards Short term rental code and definitions

### **MOTION:**

Upon motion and second by Commissioner Young and Hammersmith, the Planning Commission will be held on November 20<sup>th</sup>.

### **MOTION:**

Upon motion and second by Commissioner Young and Blum, there will be no Planning Commission meeting in December.

Meeting was adjourned at 9:53 p.m.

Next Meeting: October 23, 2019 at 6:00 p.m.

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**CHELAN COUNTY**  
**DEPARTMENT OF COMMUNITY DEVELOPMENT**  
316 WASHINGTON STREET, SUITE 301, WENATCHEE, WA 98801  
TELEPHONE: (509) 667-6225 FAX: (509) 667-6475

## Memorandum

**To:** Planning Commission  
**From:** Kirsten Larsen, Planning Manager  
**Subject:** Revised Draft of Short-term Rental Code  
**Date:** October 11, 2019

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### INTRODUCTION

During the September 25, 2019 Planning Commission meeting the Planning Commission remanded the draft short-term rental code back to staff. Direction was given to look at the code and come up with alternatives to address short-term rentals within Chelan County. Based on the feedback provided by the Planning Commission and public comments staff has revised the original draft. To assist the Planning Commission and public review the revised draft, staff has outlined the revisions in this memo.

### REVISIONS

- Chelan County Code District Use Chart the use short-term rental is proposed to be added and permitted with standards in the following zones: RR20, RR10, RR5, RR2.5, RC, and RP.
    - The Planning Commission and public comments have expressed that a concern with short-term rentals is the negative impacts that they can have on neighboring properties and neighborhoods. Limiting short-term rentals to lower density zones, commercial and public zones will help reduce negative impacts because the lots are larger and homes more dispersed. Staff is proposing prohibiting short-term rentals from the high-density zoning districts where lot sizes are small and houses are built closer together. Short-term rentals are also proposed to be prohibited in the commercial agriculture and forest zones as there is the potential to have conflicts between active agricultural and forestry activities in which those zones are designed to accommodate.
- Similar uses such as a Bed and Breakfast and Guest Inns are either permitted as an accessory use with standards or a conditional use permit, respectively.
- Peshastin UGA Code District Use Chart the use short-term rental is proposed to be added. Staff is proposing to prohibit short-term rentals in all zones of the Peshastin UGA.
    - Comments received from the Peshastin Community Council expressed that the council is recommending that short-term rentals are not allowed within the Peshastin UGA. Staff

- Similar uses such as a Bed and Breakfast and Boarding/Lodging House are either permitted use with standards or a conditional use permit within several zones within the Peshastin UGA.
- Manson UGA Code District Use Chart the use vacation rentals is proposed to be replaced with short-term rental for consistency with the rest of the Chelan County Code. Staff is not recommending any changes to where vacation rentals (short-term rental) are currently permitted with standards or allowed as an accessory use with standards.
- Staff has proposed to strike the vacation rentals code within the Manson UGA Code.
- The standards for short-term rentals would be add to Chelan County Code Chapter 11.88 Supplementary Provisions and Accessory Uses.
  - Staff has proposed that short-term rentals are permitted with standards or are an accessory use with standards were allowed. The original draft was proposing short-term rentals be reviewed as a conditional use permit. Concern was expressed at the amount of staff time that would be required to review Conditional Use Permits with the volume of short-term rentals that are estimated to exist in Chelan County.
- An intent section was added to the draft code to identify the need to balance the economic opportunity of short-term rentals with the housing supply and community.
- Staff is proposing that short-term rentals are reviewed through a registration processing instead of a permit.
  - Registrations would be approved on a first come basis.
  - Renewals would need to be received 90 days prior to January 1<sup>st</sup>. This would give staff time to review the renewal request prior to the new year and balance workloads.
  - Staff wanted to address short-term rentals that are currently approved and operating consistent with a Conditional Use Permit for a small-scale tourist/recreation use.
  - Notice would be given to properties within the surrounding 500 feet of the lot for registered short-term rentals.
- Standards for short-term rentals have been proposed by staff to address the character of the surrounding neighborhood. Staff has added a density limitation for residential zones and is proposing 1 within 500 feet of the lot.
- Standards for operation have been identified and would be required to be identified on the registration form.
- The proposed City of Chelan short-term rental code proposes a Good Neighbor brochure which staff is proposing to adopt the concept to be utilized in Chelan County. The proposed City of Chelan short-term rental code and study by BERK for City of Chelan has been included in your packet for reference and comparison.
- Staff has proposed for enforcement the same language that is currently in the Manson UGA vacation rental code. In reviewing other jurisdictions staff was unable to identify a simple method for enforcement.

- Modified the definition of lodging unit to be specific that it is addressing sleeping units and that they may or may not be designated by some identification methods.
- A new definition is proposed for short-term rentals.

## **CONCLUSION**

The above changes were drafted to capture the concerns of the Planning Commission and public in regulating short-term rentals in Chelan County. Staff looks forward to discussing this draft with the Planning Commission.

**DRAFT – SHORT TERM RENTAL CODE**

**1 Zoning Amendments**

**2 Chelan County Code**

**3 11.04.020 District use chart.**

4 The use chart located on the following pages is made a part of this section. The  
5 following acronyms apply to the following use chart. If a cell in the table is blank, the use  
6 listed in the left hand column is a prohibited use in the zone that is the heading for that  
7 cell.

P — Permitted use

P(1) — Permitted use subject to development  
standards in Chapters 11.88, 11.93 and/or  
within the applicable zoning district  
standards

P(2) — Permitted use subject to development  
standards in Chapters 11.88, 11.93 and/or  
within the applicable zoning district  
standards, except for on parcels that are  
twelve thousand square feet or smaller, the  
use/structure must be located on a lot with  
an existing single-family residence

A — Accessory use

A(1) — Accessory use subject to development  
standards in Chapters 11.88, 11.93 and/or  
within the applicable zoning district  
standards

CUP — Conditional use permit



**DRAFT – SHORT TERM RENTAL CODE**

**District Use Chart**

USE/ACTIVITY	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
<b>RESIDENTIAL USES</b>													
Bed and Breakfast (3 or Fewer Rooms)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)				A(1)	A(1)	
Guest Inn—4 to 6 Rooms	CUP	CUP	CUP	CUP	CUP	CUP	CUP				CUP	CUP	
Short-term Rental	P(1)	P(1)	P(1)	P(1)				P(1)		P(1)			

**Peshastin UGA Code**

**11.22.030 Permitted, accessory and conditional uses.**

(1) A district use chart is established and contained herein as a tool for the purpose of determining the specific uses allowed in each use district. No use shall be allowed in a use district that is not listed in the use chart as either permitted, accessory or conditional use, unless the administrator determines, by a written administrative interpretation that may be appealed to the hearing examiner, that an unlisted use is similar to one that is already enumerated in the use chart and may therefore be allowed, subject to the requirements associated with that use and all other applicable provisions.

(2) The following acronyms apply to the following use chart:

**Uses:**

PRM = Permitted use

ACC = Accessory use

CUP = Conditional use

*Where a cell is empty, the use is prohibited in that zone. All of these assume compliance with any and all development standards.*

**Districts:**

R-1 = Low Density Residential

**DRAFT – SHORT TERM RENTAL CODE**

**Districts:**

R-2 = Medium Density Residential

R-3 = High Density Residential

C-D = Downtown Commercial

C-H = Highway Commercial

I = Industrial

I-C = Campus Industrial

P-U = Public Use

Land Uses	R-1	R-2	R-3	C-D	C-H	I	I-C	P-U
<b>RESIDENTIAL USES</b>								
Bed and Breakfast	CUP	CUP	CUP	PRM <sup>1</sup>	PRM <sup>1</sup>			
Boarding/Lodging House	PRM	PRM	PRM	CUP	PRM	PRM		
<u>Short-term Rental</u>								

**Manson UGA Code**

**11.23.030 District use chart.**

The use chart located on the following pages is made a part of this section. The following acronyms apply to the following use chart. If a cell in the table is blank, the use listed in the left hand column is a prohibited use in the zone that is the heading for that cell.

UR1 Urban Residential-1

UR2 Urban Residential-2

UR3 Urban Residential-3

CT Tourist Commercial

CD Downtown Commercial

MLI Manson Light Industrial

**DRAFT – SHORT TERM RENTAL CODE**

UP	Urban Public
P	Permitted use—Subject to development standards in Chapter <u>11.88</u> and/or <u>11.93</u>
A	Accessory use—Subject to development standards in Chapter <u>11.88</u> and/or <u>11.93</u>
CUP	Conditional use permit—Subject to development standards in Chapter <u>11.93</u> and/or within this chapter

**Table 9.1 – District Use Chart**

USE/ACTIVITY	UR1	UR2	UR3	CT	CD	MLI	UP
<del>Vacation Rentals</del> Short-term Rental	P <sup>1</sup>	P <sup>1</sup>	P <sup>1</sup>	A <sup>1</sup>	A <sup>1</sup>		

P<sup>1</sup> = Permitted with Standards

~~11.23.040 (3) Vacation Rentals. Vacation rentals, any unit being rented for less than thirty consecutive days, shall be permitted as identified in Section 11.23.030, District use chart. All vacation rentals shall receive an annual permit from January 1st to December 31st, under Title 14 limited administrative review, documenting conformance and agreement to conform to the following provisions:~~

~~(A) Vacation rentals shall maintain the character of the surrounding neighborhood by:~~

~~(i) Providing year around solid waste receptacles and pickup service. Trash cans, on the right of way, should be removed within twenty four hours of pickup; and~~

~~(ii) Provide at least one off street parking space, outside of the required setbacks for each two rented bedrooms. Where off street parking requirements cannot be met the number of rented bedrooms shall be limited; and~~

~~(iii) Noise emanating from any use shall be in conformance with Chapter 7.35; and~~

~~(iv) Occupancy. The maximum number of occupants permitted to stay overnight shall be two people for each bedroom plus two additional persons, excluding children under the age of six; and~~

~~(v) Placing, adjacent to the front door (outside), a legible sign 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 local contact person.~~

~~(B) Vacation rentals shall provide a local contact person (within a forty mile radius) twenty four hours a day seven days a week. Contact information shall be provided to~~

**DRAFT – SHORT TERM RENTAL CODE**

the adjacent properties, the Manson community council, District 5 fire chief, and the Chelan County sheriff.

(C) Enforcement. Any violation of the provisions of this chapter is punishable pursuant to Title 16. Enforcement actions may be brought against the owner of the vacation rental home for the conduct constituting the violation.

11.88.280 Short-term rentals may have 5 or less lodging units for rent and shall meet the following criteria:

(1) Intent. The intent of this section is to balance the economic opportunity created by short-term rentals with the need to maintain the housing supply and protect year-round residents' enjoyment of their homes and neighborhoods by minimizing the impacts of short-term rentals on adjacent residences and minimizing the commercial character of short-term rentals.

(2) All short-term rentals shall be registered annually through the department on forms specified by the administrator. The short-term rental annual registration will be issued to the property owner and shall be prominently posted on site.

(A) Annual registrations are issued on first come basis.

(B) Short-term rental registrations shall be applied for within 90 days prior to January 1<sup>st</sup>.

(C) Annual registrations are valid from January 1<sup>st</sup> to December 31<sup>st</sup> of each year. New short-term rentals can apply to register at any time during the year, but shall renew and obtain approval prior to the new calendar year.

(D) Short-term rentals approved by a Conditional Use Permit prior to adoption of this code may continue operation consistent with permit approval. All other short-term rentals in operation prior to the adoption of this code shall register and obtain approval as a short-term rental by January 1, 2021.

(3) All short-term rentals shall meet all applicable health, fire safety and building codes and shall be operated so as to not give appearance of being a business, and those facilities shall not infringe upon the right of neighboring residents to peaceful occupancy of their home. In addition, adequate septic and water will be verified.

(4) Short-term rental accommodations must meet all applicable local and state regulations, including those pertaining taxes such as Washington State sales, lodging and business and occupation taxes.

(5) A notice shall be provided to property owners with 500 feet of the lot which contains a short rental to include the Unified business identifier number, County annual

Commented [SK1]: Define?

**DRAFT – SHORT TERM RENTAL CODE**

registration number, property owner contact information, local property representative information.

(6) Short-term rentals shall maintain the character of the surrounding neighborhood by:

(A) One short-term rental per 500-foot radius from the property boundary within residential zoning districts.

(B) No more than two guests per lodging unit at any one time. Plus two additional guests within the entire short-term rental not to exceed twelve guests.

(C) Providing year around solid waste receptacles and pickup service. Trash cans, on the right-of-way, private road, and/or access easements, should be removed within twenty-four hours of pickup. Solid waste shall be stored in completely enclosed and secured solid waste receptacles that is protected from wildlife.

(D) One on-site parking space shall be provided for each lodging units within the short-term rental. Parking shall be developed consistent with Chapter 11.90.

(E) Display the address of the residence so that it is clearly visible from the street or access road.

(7) All owners of property used for short-term rental shall comply with the following operational requirements on the annual registration form:

(A) Unified business identifier number, and the names and addresses of the property owner and agents authorized to act on the property owner's behalf;

(B) A designated local property representative who will address complaints and emergencies within 30 minutes;

(C) A valid telephone number where the local property representative can be reached 24 hours per day;

(D) An operational land line number for the short-term rental;

(E) The location of fire extinguishers, emergency exit routes from structure and property, the breaker box, water shut-off, gas shut-off, instructions regarding the septic system, and emergency numbers.

(F) Properties with pools must ensure barriers such as fencing, alarms, and approved covers are installed as appropriate and in functioning order.

(G) Portable fireplaces/pits must be able to be locked when burn ban is in effect.

(G) Verify septic is designed for number of lodging units, as defined by Chapter 14, being provided to guests.

**DRAFT – SHORT TERM RENTAL CODE**

(8) Provide guests with a Good Neighbor brochure and a map to clearly depicting the property boundaries of the short-term rental with no trespassing signs posted adjacent to all private property. The map shall indicate if there is an easement that provides access to the shoreline or other recreational features; if so, the boundaries of the easement shall be clearly defined; if there is no access, this shall be indicated together with a warning not to trespass;

(9) Include the Chelan County annual registration number for the short-term rental in all advertisements and marketing materials such as brochures and websites;

(10) Short-term rental annual registration will not be transferrable to a new owner.

(11) A short-term rental shall not operate or be advertised without a short-term rental permit. Evidence of operation includes, but not limited to: advertising, online calendars showing availability, guest testimony, online reviews, rental agreements or receipts.

(12) Enforcement. Any violation of the provisions of this chapter is punishable pursuant to Title 16. Enforcement actions may be brought against the owner of the short-term rental for the conduct constituting the violation.

**Definition Amendments**

14.98.1110 Lodging unit. "Lodging unit" means one self-contained unit designated either as a sleeping room, by number or letter, or some other method of identification.

14.98.1692 Short-term rental. Short-term rental or vacation rental means any dwelling or dwelling unit being provided for a fee for less than thirty consecutive days. A short term contains not more than five lodging units for guests.

**From:** [Kathleen Price](#)  
**To:** [Kirsten Larsen](#)  
**Subject:** [Possible Spam] RE: Septics for Short-term (vacation) rental  
**Date:** Thursday, October 10, 2019 4:22:58 PM  
**Attachments:** [image001.png](#)

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**External Email Warning!** This email originated from outside of Chelan County.

Here are some thoughts on what might be included in code for overnight rentals with less than 3 water connections.

1. Ensure that all water comes from an approved water source. WAC 173-160
2. Water quality meets WAC 246-291-170 Standards. These are Group B standards but I am not suggesting that all these facilities be required to be Group B PWS.  
This would mean testing for organic and inorganic contaminants  
Flow and pressure rates at peak use times.  
Well logs or if water is from an existing PWS documentation showing connection and use approval.  
Annual tests for Coliform.  
Meets all sanitary requirements for Group B Water systems.
3. Hot and Cold water must be available for renters at all times. (120 degrees F or less).
4. Documentation of adequate sewage disposal capacity. 120 gallons per day per bedroom or 60 gallons per day per guest (whichever is greater). If facility is served by onsite septic system the system must be in compliance with current WAC rules and regulations. WAC 246-272A (CDHD could provide this information and approval with our Project Review process.)
5. Recommend that onsite septic system be larger than required to account and accommodate surge if over used. (Especially tank capacity)

Kirsten,  
I hope this gives you some idea of what I feel is important.  
Thanks,

Kathleen Price, MSG REHS  
Environmental Health Specialist III  
Chelan Douglas Health District  
On-Site/Land-Use Program Manager  
[Kathleen.Price@CDHD.wa.gov](mailto:Kathleen.Price@CDHD.wa.gov)  
509/886/6452

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**From:** Kirsten Larsen <[Kirsten.Larsen@CO.CHELAN.WA.US](mailto:Kirsten.Larsen@CO.CHELAN.WA.US)>  
**Sent:** Thursday, October 10, 2019 3:54 PM  
**To:** Kathleen Price <[Kathleen.Price@cdhd.wa.gov](mailto:Kathleen.Price@cdhd.wa.gov)>

**Subject:** RE: Septics for Short-term (vacation) rental

I had a second thought about wells. Should we be addressing consumption of water?

**Kirsten Larsen, AICP**  
**Planning Manager**  
**Community Development Department**



316 Washington Street, Suite 301  
Wenatchee, WA 98807  
Phone: (509) 667-6225 | Fax: (509) 667-6475  
[Kirsten.Larsen@co.chelan.wa.us](mailto:Kirsten.Larsen@co.chelan.wa.us)

*The Department of Community Development would appreciate your feedback. Please take a moment to complete our Public Experience Survey:*

[CLICK HERE TO TAKE THE SURVEY!](#)

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**From:** Kathleen Price <[Kathleen.Price@cdhd.wa.gov](mailto:Kathleen.Price@cdhd.wa.gov)>  
**Sent:** Thursday, October 10, 2019 11:54 AM  
**To:** Kirsten Larsen <[Kirsten.Larsen@CO.CHELAN.WA.US](mailto:Kirsten.Larsen@CO.CHELAN.WA.US)>  
**Subject:** [Possible Spam] RE: Septics for Short-term (vacation) rental

**External Email Warning!** This email originated from outside of Chelan County.

I will do my best to get you something this afternoon.  
Kathleen

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**From:** Kirsten Larsen <[Kirsten.Larsen@CO.CHELAN.WA.US](mailto:Kirsten.Larsen@CO.CHELAN.WA.US)>  
**Sent:** Thursday, October 10, 2019 11:53 AM  
**To:** Kathleen Price <[Kathleen.Price@cdhd.wa.gov](mailto:Kathleen.Price@cdhd.wa.gov)>  
**Subject:** RE: Septics for Short-term (vacation) rental

It would be best if I could get it by 11am Friday.

**Kirsten Larsen, AICP**  
**Planning Manager**  
**Community Development Department**





316 Washington Street, Suite 301  
Wenatchee, WA 98807  
Phone: (509) 667-6225 | Fax: (509) 667-6475  
[Kirsten.Larsen@co.chelan.wa.us](mailto:Kirsten.Larsen@co.chelan.wa.us)

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**From:** Kathleen Price <[Kathleen.Price@cdhd.wa.gov](mailto:Kathleen.Price@cdhd.wa.gov)>  
**Sent:** Thursday, October 10, 2019 11:44 AM  
**To:** Kirsten Larsen <[Kirsten.Larsen@CO.CHELAN.WA.US](mailto:Kirsten.Larsen@CO.CHELAN.WA.US)>  
**Subject:** [Possible Spam] RE: Septics for Short-term (vacation) rental

**External Email Warning!** This email originated from outside of Chelan County.

Kirsten,

I need a bit of time to look a few things up and I will get back to you. Are you on a time crunch with this request?

Kathleen Price, MSG REHS  
Environmental Health Specialist III  
Chelan Douglas Health District  
On-Site/Land-Use Program Manager  
[Kathleen.Price@CDHD.wa.gov](mailto:Kathleen.Price@CDHD.wa.gov)  
509/886/6452

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**From:** Kirsten Larsen <[Kirsten.Larsen@CO.CHELAN.WA.US](mailto:Kirsten.Larsen@CO.CHELAN.WA.US)>  
**Sent:** Thursday, October 10, 2019 11:39 AM  
**To:** Kathleen Price <[Kathleen.Price@cdhd.wa.gov](mailto:Kathleen.Price@cdhd.wa.gov)>  
**Subject:** Septics for Short-term (vacation) rental

Hi Kathleen,

We are a new code to address short-term rentals in the County. One concern is regarding septic

systems and how they should be addressed. Do you have any comments or sample language that would address problems related to septic systems for short-term rentals?

Thank you,  
Kirsten

**Kirsten Larsen, AICP**  
**Planning Manager**  
**Community Development Department**



316 Washington Street, Suite 301  
Wenatchee, WA 98807  
Phone: (509) 667-6225 | Fax: (509) 667-6475  
[Kirsten.Larsen@co.chelan.wa.us](mailto:Kirsten.Larsen@co.chelan.wa.us)

*The Department of Community Development would appreciate your feedback. Please take a moment to complete our Public Experience Survey:*

[CLICK HERE TO TAKE THE SURVEY!](#)

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## CITY OF CHELAN

CITY COUNCIL

10 Sep 2019

Subject/Title: Short Term Rental Code  
Department: Planning  
Staff Contact: Craig Gildroy  
Reviewed By: City Administrator

### GOVERNING LEGISLATION

AUTHORITY: RCW 36.70A.130 Comprehensive plans – Review procedures and schedules – Amendments. (1)(a) "...Each comprehensive land use plan and development regulations shall be subject to continuing review and evaluation by the county or city that adopted them."

### PREVIOUS COUNCIL ACTION TAKEN

None.

### OVERVIEW

The City retained Berk Consulting to determine the current short term rental situation within the City of Chelan and to develop a short term rental license code. The STR Situation Assessment contains the existing conditions and trends of short term rentals along with housing needs in the City. The Discussion Guide is a shorter report of the STR Situation Assessment.

The proposed Short Term Rental code establishes a short term rental license program. This proposed short term rental code is based on the short term rental assessment data and other jurisdiction's STR regulations were considered, together with best practices to address neighborhood character and stability and ensure occupant health and safety to develop the proposed City's short term rental license program.

This is City Council's first review of the proposed short term rental code. Staff has revised the proposal based on stakeholder meetings that included the short term rental industry, interested public, Planning Commissioners and City Council members. Planning Commission has held several workshops and will conduct a

public hearing for a recommendation to City Council. Council may provide feedback at this workshop. Public comment period will occur with Planning Commission and City Council's public hearings.

#### FINANCIAL IMPLICATIONS

None at this time.

#### ATTACHMENTS

1. TA2019-01 Short Term Rentals Draft Code 9.4.19
2. STR Situation Assessment
3. STR Discussion Guide

#### SUGGESTED MOTION

Suggested Motion: None.

# Short-Term Rental Regulations

**DRAFT** September 2019 | City of Chelan

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## Zoning Amendments

*Add section 17.77 Short-term Rentals*

### 17.77 Short-term rentals

17.77.010 Basic Provisions. All short-term rentals are subject to licensing requirements, health and safety standards, and fees set forth in Chelan Municipal Code 5.15.

17.77.020 Land Use Districts. Short term rental licensees may be issued in the land use districts listed herein or otherwise governed by applicable development agreements on file with the City of Chelan Community Development Office. Local Homeowner Associations bylaws and/or tenant/landlord lease agreements may further redistrict short term rentals beyond the city's license and zoning requirements.

- *Downtown Mixed Use (DMU) (CMC 17.14)*
- *Tourist Mixed Use (TMU) (CMC 17.14)*
- *Highway Service Commercial (C-HS) (CMC 17.36)*
- *Waterfront Commercial (C-W) (CMC 17.40)*
- *Tourist Accommodation (T-A) (CMC 17.48)*

17.77.030 Violations of Land Use. Operators of short-term rental units in land use districts that do not permit them shall be subject to enforcement procedures in Title 2.80 and required to terminate all rentals agreements immediately upon notice. Failure on behalf of the owner to cancel rentals agreements shall constitute a criminal misdemeanor charge and subject to fines established by the City Council.

*Assume that the PUD approval and development agreement address the use in The Lookout.*

### 17.14.020 Regulating plan – Land use districts and site orientation standards.

C. Overlay District Uses and Dimensional Standards.

## 2. Permitted Uses.

### b. Permitted Use Table.

**Table 1. Permitted use table.**

	Downtown Land Use Districts				
	DMU	TMU	DMR	DSF	Public
<b>RESIDENTIAL USES</b>					
Dwelling, single-family	P <sub>16</sub>	P	P	P	
Dwelling, two-family (Duplex)		P	P	P <sub>5</sub>	
Dwelling, three-family (Triplex)		P	P		
Cottage housing			P		
Townhouse	P <sub>7</sub>	P	P		
Dwelling, multi-family	P <sub>7</sub>	P	P		
Fractional ownership condominiums and seasonal rentals	P <sub>7</sub>	P			
Accessory dwelling unit (ADU)	P <sub>7</sub>	P	P	P	
Senior assisted living facility or nursing home	P <sub>7</sub>	P	P		
Family day care homes <sub>1</sub>	P <sub>7</sub>	P	P	P	
Mini day care centers <sub>3</sub>	P <sub>7</sub>	P	P	P	
Day care centers	P <sub>7</sub>	P	P <sub>3</sub>	P <sub>3</sub>	
Home occupation	P	P	P <sub>2,3</sub>	P <sub>2,3</sub>	
Bed and breakfast	P <sub>7</sub>	P	C <sub>3</sub>	C <sub>3</sub>	
Hotel/motel, condotel, and other transient accommodations	P	P			
Short-term rental	P	P			
<b>COMMERCIAL USES</b>					
Retail, small scale (< 2,000 sf building footprint)	P <sub>10</sub>	P <sub>10</sub>			P <sub>6</sub>
Retail, medium scale (2,000 – 20,000 sf building footprint)	P <sub>10,13</sub>				
Retail, large scale (20,001 – 50,000 sf building footprint)	C				
Retail, regional (> 50,000 sf floor area)					
Restaurants, bars, tasting rooms, and brewpubs <sub>3</sub>	P <sub>10</sub>	P <sub>10</sub>			P <sub>6</sub>
Professional office	P <sub>8</sub>	P			
Real estate office	P <sub>14</sub>	P			
Banks	P				
Personal service establishments	P	P <sub>11</sub>			P <sub>6</sub>
General services establishments	P				
Gasoline station and auto service <sub>3</sub>	P <sub>7</sub>				
Mini-storage and warehouse facility					

	Downtown Land Use Districts				
	DMU	TMU	DMR	DSF	Public
Commercial use providing drive-through service	P <sub>15</sub>	P			
General industrial <sub>4</sub>	P <sub>7, 12</sub>				
Heavy industrial					
Marijuana retail outlet	C	C			
<b>SPECIAL USES</b>					
Parks and playgrounds including park buildings	C	C	C	C	P
Community recreational facility	C	C	C	C	P
Conference center	P <sub>8</sub>				
Private sports club	P <sub>8</sub>	P			
Government office/structure <sub>3</sub>	P	C	C	C	P
Medical clinic/office, medical facilities	P <sub>7</sub>		C		
Hospital <sub>3</sub>	C		C		C
Mortuary	P <sub>7</sub>		C		
Veterinary clinic or hospital <sub>3</sub>	P <sub>7</sub>				
Church <sub>3</sub>	P	C	C	C	P
Places of public or private assembly (including theaters)	P				P
School	C <sub>7</sub>	C	C	C	P
Museum	P	P			P
Boat launching facilities, marinas and similar facilities	P	P			P
Parking lot or structure	P <sub>7</sub>	P	P <sub>3</sub>		P
Public utility facility <sub>9</sub>	C	C	C	C	C

### 17.36.010 Permitted uses.

Permitted uses are as follows:

- A. Any use permitted in the R-L Residential District, R-M Residential District, or T-A Tourist Accommodation District. Single- and multi-family dwellings, including townhouses, shall be subject to the relevant provisions of Chapter [17.24](#);
- B. Public and commercial automobile parking lots and garages and appertaining uses;
- C. Mortuaries;
- D. Advertising signs; provided, that they meet the setback requirements of this district;
- E. Veterinary hospitals;
- F. Automobile sales lots, repairs, bus and truck terminals;
- G. Machinery and farm equipment sales and services, tire recapping and similar businesses;

- H. Lumberyards, basic construction materials, fuel, livestock feeds and similar uses;
- I. Boat building and sales;
- J. Plumbing, heating or electrical shops;
- K. Manufactured home parks subject to Chapter [17.54](#);
- L. Restaurants, and drive-in restaurants;
- M. Liquor stores, taverns, cocktail lounges, and nightclubs;
- N. Radio and TV studios;
- O. Transient businesses;
- P. Grocery stores;
- Q. Clinic;
- R. Barber or beauty shops;
- S. Office, business or professional;
- T. Bakery, candy store, or confectionery store, provided all products which are produced are sold only at retail on the premises;
- U. Shoe sales or repair;
- V. Radio, television and small appliance sales and service, provided all storage is contained within the structure;
- W. Photographic and musical studio, sales and service;
- X. Tailor and upholstery shop;
- Y. Bank or other financial institution;
- Z. Apparel;
- AA. Parking lot;
- AB. Locksmith;
- AC. Newspaper, printing or lithography establishment;
- AD. Florist;
- AE. Self-service laundry;
- AF. Arts and crafts;
- AG. Family day care homes, subject to licensing requirements of the Washington State Department of Social and Health Services and fire code requirements as set forth in Chapter [212-54](#) WAC;
- AH. Radio and TV studios;
- AI. Private educational institutions;
- AJ. Special event as defined in and pursuant to the provisions of Chapter [5.50](#), as the same exists now or may hereafter be amended.
- U. Short-term rentals.



## 17.40.010 Permitted uses.

Permitted uses are as follows:

### A. Residential Uses.

1. Mixed-use developments that include water-dependent and water-oriented commercial uses together with single-family or multi-family uses while promoting public access for significant numbers of the public and/or providing an ecological restoration resulting in a public benefit;
2. Existing legal residential developments as of the date of this subsection are permitted;

B. Boat building;

C. Service stations with appertaining uses; provided, that no vehicle shall be repaired, painted, rented, built or sold upon or from the premises;

D. Commercial or public water transportation facilities, which may include a protected aboveground tank as an accessory use, subject to the conditions set forth in Section [17.40.020\(D\)](#);

E. Industrial docks with appertaining machinery, which may include a protected aboveground tank as an accessory use, subject to the conditions set forth in Section [17.40.020\(D\)](#); provided, that no product is manufactured on the premises;

F. Boat servicing and fueling facilities which may include a protected aboveground tank as an accessory use, subject to the conditions set forth in Section [17.40.020\(D\)](#);

G. Radio and TV studios;

H. Transient businesses;

I. Marina facilities, which may include a protected aboveground tank as an accessory use, subject to the conditions set forth in Section [17.40.020\(D\)](#);

J. Adult entertainment facilities subject to the provisions of Section [17.04.125](#);

K. Boat sales, including the display and sale of not more than three motor vehicles at any time as an accessory use to the principal permitted use of boat sales under the following minimum conditions:

1. The display and sale of motor vehicles is permitted only when operated as an accessory use to the principal permitted use of the premises when that principal use is boat sales;
2. No more than three motor vehicles shall be displayed for sale on the subject premises at any time;
3. All motor vehicles for sale shall be maintained in an operable condition at all times that such motor vehicles are located on the subject premises;
4. Motor vehicles for sale shall be licensed and registered with the state at all times that such motor vehicles are located on the subject premises;
5. Motor vehicles and motor vehicle parts shall not be stored, painted, repaired, dismantled, built, restored, or modified in any way on the subject premises;
6. The renting and leasing of motor vehicles is not permitted;
7. The motor vehicle sales activities shall be owned and operated by the owner of the boat sales business located on the subject premises and shall not be delegated or otherwise conveyed to other individuals or entities; and

8. Termination of the boat sales activities located on the subject premises shall terminate any motor vehicle sales business operated on the premises;
- L. Parks and playgrounds, including park buildings;
- M. Temporary construction offices within the tract or subdivision on which buildings are being erected and only for the duration of active construction;
- N. Family day care homes, subject to licensing requirements of the Washington State Department of Social and Health Services and fire code requirements as set forth in Chapter [212-54](#) WAC;
- O. Home occupations that involve no customers or other business-related visitors to the home business, no signs or other outward appearance that a business exists in the home, no delivery trucks, and no more than one individual residing within the home who is active in the home occupation business; provided, that if the planning director is given satisfactory proof of a physical disability of the individual wishing to engage in a home business or occupation, a volunteer or employee may assist in the home occupation. In addition, the home occupation must comply with the conditions for home occupation set forth in Section [17.56.060](#) and the fees for a home occupation permit as established by resolution of the city council must be paid;
- P. Restaurants, exclusive of drive-ins;
- Q. Office, business or professional;
- R. Bakery, candy store, or confectionery store, provided all products which are produced are sold only at retail on the premises;
- S. Special event as defined in and pursuant to the provisions of Chapter [5.50](#), as the same exists now or may hereafter be amended;
- T. When located outside of shoreline jurisdiction, or if considered part of a water-oriented development: \*\*\*
- U. Short-term rentals.

#### 17.48.010 Permitted uses.

Permitted uses are as follows:

- A. Single-family, two-family, three-family and multi-family dwellings, including townhouses;
- B. Motels, hotels, lodges and similar resort accommodation operations;
- C. Restaurants, exclusive of drive-ins;
- D. Barber or beauty shops;
- E. Travel agencies and tourist bureaus;
- F. Souvenir and gift shops;
- G. Bookstores and newsstands;
- H. Boat launching facilities, marinas and similar facilities;
- I. Professional offices;
- J. Special event as defined in and pursuant to the provisions of Chapter [5.50](#), as the same exists now or may hereafter be amended;

K. Per Chapter [17.47](#), low intensity, moderate intensity, and high intensity agri-tourism uses are allowed in the T-A Overlay.

L. Short-term rentals.

## Short-Term License Code

*Note: Create a new chapter in Title 5 to provide for a short-term rental specialty license to address license criteria, inspection, and enforcement.*

### CHAPTER 5.15 SHORT TERM RENTAL OPERATING LICENSE

#### 5.15. 010 Purpose

A. The purpose of this chapter is to establish regulations for the operation of short-term rentals within the city of Chelan. This chapter also establishes a short-term rental permit and license.

B. The provisions of this chapter are necessary to promote the public health and safety by:

1. Protecting year-round residents' enjoyment of their homes and neighborhoods by minimizing the impact of short-term rentals on adjacent residences and minimizing the impact of the commercial character of short-term rentals.
2. Benefiting residents and the community by supporting homeownership costs and the city's tax base.
3. Fully recovering the cost of code implementation and enforcement.
4. Ensuring fairness in the regulation of short-term similar to other forms of allowed transient accommodations.
5. Providing for short-term rental guest well-being by enforcing fire, building, parking, and sanitation standards.
6. .

#### 5.15. 020 Definitions

A. "Short term rentals" means residential units, or portions of residential dwelling units, that are rented out on a nightly basis for not more than 30 days to individual guests. They are commonly referred to as vacation rentals. They are a form of tourist or transient accommodations. Short-term rental units may be whole house rentals, apartments, condominiums, or individual rooms in homes. For the purpose administration and enforcement of this ordinance, the terms "overnight rental", "nightly rental", and "vacation rental" are interchangeable with short-term rentals. Subleasing or subletting of units for short term rental is prohibited if the underlying zone prohibits such use.

B. "Authorized agent" means a property management company or other entity or person who has been designated by the owner, in writing, to act on their behalf. The authorized agent may or may not be the designated representative for purposes of contact for complaints.

C. "Family" means one or more persons (but not more than five unrelated persons) living together as a single housekeeping unit. For purposes of this definition and notwithstanding any other provision of this code, persons with familial status within the meaning of Title 42 United States Code, Section 3602(k) and

persons with handicaps within the meaning of Title 42 United States Code, Section 3602(h) and RCW [35A.63.240](#) will not be counted as unrelated persons. **[Per Chapter 19.10, but abbreviated.]**

D. “Owner” means the natural person or legal entity that owns and holds legal and/or equitable title to the property. If the owner is a business entity such as a partnership, corporation, limited liability company, limited partnership, limited liability partnership or similar entity, any person who owns an interest in that business entity shall be considered an owner.

E. “Advertise” or “offer” includes through any media, whether written, electronic, web-based, digital, mobile or otherwise.

F. “Qualified person” means the owner, authorized agent, or a designated property representative contact person who is at least 21 years of age and who resides within 30 minutes of the property and is available to respond to short-term rental tenants, neighbors, and the City regarding complaints or other operational conditions of the short-term rental unit.

G. “Administrator” means the planning and community development director or his/her designated representative.

### 5.15. 030 Applicability

A. Short-term rentals are allowed when specifically authorized by Title 17 Zoning.

B. All allowed short-term rentals defined in CMC 15.15.020 must be licensed consistent with CMC 5.15.040.

### 5.15. 040 Annual Short-Term Rental Operating License Required

A. Operating License: No owner of property within the Chelan city limits may advertise, offer, operate, rent, or otherwise make available or allow any other person to make available for occupancy or use a short-term rental without a valid short-term rental operating license. Annual renewal is required.

B. Business License: All short-term rental owners or authorized agents shall obtain a valid City business license and annually renew it.

C. Short-Term Rental Operator Records and Advertisement: The short-term rental operating license registration number shall be listed on all short-term rental advertisements. **Every short-term rental owner or authorized agent shall maintain records of guest names and their contact information and revenue earned to assist with enforcement of this chapter.**

### 5.15. 050 Application and Fee

A. Application Required. Applications for an operating license shall be on forms provided by the City, demonstrating the application meets the standards required by this chapter. The owner or authorized agent shall certify the following information to be true and correct:

B. Incomplete Application. If a license application does not include all required materials, the application will be considered incomplete and the City will notify the applicant, in writing, explaining the information required. If the applicant provides the missing required information within 30 days of the date of the notice, the application will be reviewed. If the applicant does not provide the required information, the application will be deemed withdrawn and the City will refund the application fee.

C. License Fee. The fee for application for a short-term rental operating license or license renewal shall be in an amount to recover the City's actual average costs of reviewing and issuing the license application or license renewal application, including a fee for a late application, investigation, and any required inspections, as established by resolution of the City Council.

#### 5.15.060 Term of Annual License and Transferability

A. Term. A short-term rental operating license shall be issued for a period of one year, with its effective date running from the date the application is due as set forth in 5.15.070 and shall be renewed annually by the owner or authorized agent provided all applicable standards of this chapter are met.

B. Transferability. The operating license shall be issued in the name of the property owner and is not transferable. Although not transferable, the new owner or authorized agent shall have 60 days to update owner and contact information to continue operation until the annual application deadline. New owners must apply for a new operating license by the annual deadline. The operating license shall terminate and be deemed void if the new property owner does not update contact information within 60 days of sale when the license holder sells or transfers the property.

#### 5.15.070 Operating License and License Renewal

A. License Must Be Obtained. An operating license and number shall be obtained and/or renewed as required in this section. The ability to operate a short-term rental in the City shall be discontinued for failure to obtain or renew a license to operate as provided in this chapter.

B. Application and Renewal Application Process. A person engaging in a short-term rental who has not yet obtained an operating license, or who is required to renew an existing operating license, shall do so as follows:

1. Time for Application.

a. New Permits. For new operating licenses applied for after the effective date of this chapter, license applications must be submitted by November 1 for the following operating year.

b. Renewals. Renewal forms of licenses of registered STRs shall be submitted by December 1 for the following operating year, and annually every year thereafter.

c.

d. Sale of the Property. Upon change in ownership, a property subject to a short-term rental operating license, it is the obligation and responsibility of the new owner or authorized agent to obtain a new operating license to operate the short-term rental by the annual deadline. The new owner or authorized agent may operate for the remainder of the calendar year provided that the new owner shall have 60 days from the date of ownership (closing of the sale) to update owner and contact information on file with the City.

2.

c.

C. Notice – Late Applications. If the license application or renewal application is not received by the expiration date, the City shall send notice of expiration to the owner and authorized agent, if known, of any property for which a timely application has not been received, advising the owner that they have 30

days to respond. An application will be considered timely submitted if the City receives a completed application, accompanied by the required fees, within the 30-day late period.

D. License Expiration.

1. All operating licenses will expire Dec. 31 of each year.

2. Late renewals. Renewal applications shall be received by December 1<sup>st</sup>. If fees are not paid by Feb. 1<sup>st</sup>, the operator has until March 1<sup>st</sup> the ability to operate shall be discontinued and the City will commence revocation of the license pursuant to the procedures in CMC 5.15.100.

3. For transfer of property to new owners, once the 60-day grace period to update owner and contact information for a current license expires as referenced in subsection (B)(1)(c) of this section, or the new application deadline lapses, the ability to operate shall be discontinued with no further action by the City.

E. Renewal Standards.

1. The City will review an application for operating license renewal and issue a renewal provided all the criteria of approval in Chapter 5.15.080 continue to be met. If not met, or documented nuisances or complaints are on file regarding the Short Term Rental, the City reserves the right to deny the renewal of the operating license and the property shall not be used as a short-term rental.

2. A decision on an operating license application or renewal may be appealed as provided in CMC 5.15.120.

### 5.15.080 Application Requirements and Criteria for Approval

A. Operational Requirements. The applicant has the burden of proof to demonstrate compliance with each applicable criterion for approval or renewal of the operating license. The approval criteria also operate as continuing code compliance obligations of the owner. Staff may verify evidence submitted and the applicant shall cooperate fully in any investigation. Required criteria include:

1. Owner Information. Owner's name, permanent residence address, permanent residence telephone number and electronic mail addresses, and the short-term rental address and telephone number. The application must also include the names, mailing addresses, electronic mail addresses, and telephone numbers of all persons holding an ownership interest in the property, or holding an ownership interest in the entity that owns the property.

2. Representative Information. If the owner does not permanently reside within the Chelan City limits or is not always available when the property is being rented, the owner shall provide the name, telephone number and email of a qualified person (which can be a person or company) who can be contacted concerning use of the property and/or complaints and can respond to the property within 30 minutes to complaints related to the short-term rental consistent with definitions and requirements in CMC 5.15.020 and 5.15.080 respectively.

3. Zoning Compliance. The applicant shall identify the zoning district applicable to the short-term rental property by providing parcel number and physical address.

4. Parking. The owner shall provide at least one off-street parking space, outside of the required setbacks for each two rented bedrooms. Where off-street parking requirements cannot be met the

number of rented bedrooms shall be limited. A parking diagram of the approved parking spaces for tenant vehicles shall be provided to tenants and be available in a prominent location within the short-term rental dwelling.

5. Occupancy. Occupancy limits and number of bedrooms. The maximum number of occupants permitted to stay overnight shall be two people for each bedroom, plus two additional persons, excluding children under the age of six.

a. A scaled floor plan must be submitted depicting the location of each sleeping area

b. All sleeping areas must comply to the habitable space requirements of International Residential Code as adopted by the City.

7. Good Neighbor Guidelines<sup>1</sup>. Acknowledgment of receipt and review of a copy of the good neighbor guidelines. Evidence that the good neighbor guidelines have been effectively relayed to short-term rental tenants, by incorporating it into the rental contract, including it in the rental booklet, posting it online, providing it in a conspicuous place in the dwelling unit, or a similar method.

8. Health and Safety.

a. Fire and Emergency Safety. Prior to approving the initial operating license, the City shall perform a life-safety inspection. After the unit is approved for rental, a completed self-certification checklist for health and safety (fire extinguishers, smoke alarms, carbon monoxide detectors, appropriate egress, etc.) shall be required with each annual operating license renewal consistent with forms provided by the Administrator. [See example in Attachment B.]

b. Owner Responsibility. It is the owner's responsibility to assure that the short-term rental is and remains in substantial compliance with all applicable codes regarding fire, building and safety, health and safety, and other relevant laws.

c. Exception. Within the first year of adoption of this code, the City shall provisionally approve licenses for a period of six months upon receipt of the self-certification checklist. Compliance with Fire and Safety requirements must be met by the renewal date thereafter.

9. Listing Number. If they advertise, the listing numbers or website addresses of where the short-term rental advertises such as the rental platform (for example, VRBO, Airbnb or other) website number, account number, Uniform Resource Locator (URL), etc.

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<sup>1</sup> Guidelines may be subject to change via administrative decision. Updated guidelines shall be made available annually. [See Attachment A.]

10. Waste Management. Weekly solid waste collection service shall be provided. Trash must not be visible from public view and must be in proper containers on collection day.

11. Noise. Noise shall not be in violation of CMC Chapter 8.31, Public Disturbance Noises.

12. Nuisances. The property and operation shall be free from nuisances per CMC Chapter 8.26.

13. Character of Structure. Occupancy and operation shall be compatible with the surrounding neighborhood character. The short-term rental shall not give the appearance of being a business. Factors upon which compatibility will be judged include but are not limited to: noise, traffic, solid waste management, signage, and light and glare.

14. Verification of Neighborly Notice. Applicants must provide evidence that neighborly notifications in Section B6 below have been met.

15. Such other information as the Administrator deems reasonably necessary to administer this chapter.

B. Approval Criteria. To receive approval or renewal, an applicant must demonstrate that all approval criteria listed below have been satisfied:

1. Operational Criteria: Shall be met per subsection A above.

2. Renewals. All short-term rentals must operate under a current license regardless of non-use. If a property has not been rented in a 12 month period, renewal of license criteria must still be met to maintain license.

3. Operating License Revocation. If an owner lapses in renewing the annual licenses or fails to provide adequate renewal criteria, an operating license shall be revoked by the City under CMC 5.15.100. The exception to these criteria for continuation of an operating license is a temporary hardship exception, which includes submission of proof, acceptable to the City, that: (a) a medical condition of the owner or family member jeopardizes the ability of the owner to operate the short-term rental; or (b) the death of the spouse or family member jeopardizes the ability of the owner to operate the short-term rental; or (c) structural integrity of the short-term rental deems it uninhabitable for tenants and is not self-imposed. The City may attach a time limit to this hardship exception. A time limit may be set by the Administrator but shall not exceed six months. A one-time extension may be approved upon request if one of the conditions of this section still applies.

4. Contact Information. The owner or authorized agent has provided information sufficient to verify a qualified person will be available consistent with definitions in CMC 5.15. 020. The owner or qualified person shall be available to be contacted by telephone to ensure a response to the short-term rental address at all hours (24 hours a day, seven days a week) and within 30 minutes while the dwelling unit is occupied for rent. The designated representative may be changed from time to time throughout the term of the license. To do so, the license information shall be revised with the City at least 14 days prior to the date the change takes effect, except when the failure to do so is beyond the owner or authorized agent's control. In an emergency or absence, contact forwarding information to a qualified person may be provided for the owner or representative.

6. Notice to Neighbors.

a. New Applications: The owner or authorized agent shall either: (a) provide an annual mailing or otherwise distribute by hand, a flier to neighbors within a 250-foot radius of



the short-term rental property address containing the owner and/or representative contact information, or (b) post a small placard or sign as permitted by Chapter 17.58 Signs, near the adjacent street advising neighbors and tenants of the same information where it can be seen from the public right-of-way. The purpose of this notice is so that adjacent property owners and residents can contact a responsible person to report and request resolution of problems associated with the operation of the short-term rental. If the permanent contact information changes during the license period, the new information must be mailed or distributed again, or changed on the placard or sign.

b. Renewals: Renewal applications may provide evidence of placard in lieu of annual mailings or distribution.

c. **Electronic Availability.** In addition, the City will make a database electronically accessible within which any person can enter in an address of a short-term rental and obtain the owner/authorized agent and/or representative's name and telephone number.

7. No Pending Actions or Violations. At the time of application, the owner of a short-term rental shall not have received a civil citation regarding compliance of the subject short-term rental property with any provision of the Chelan Municipal Code. A voluntary assurance of compliance, negotiated compliance agreement, or deferred sentence agreement will satisfy the requirement that there be no pending actions or violations. The owner shall be in compliance with the Chapter 3.36, Special Excise Tax on Lodging, and other local sales taxes and state hotel/motel and sales taxes. The owner must be in good standing with Code Enforcement including no active cases or unresolved issues.

C. Mandatory Postings. The short-term rental license issued by the City shall be displayed in a prominent location within the interior of the dwelling adjacent to the front door. The license will contain the following information:

1. A license number or other identifying mark unique to the short-term rental operating license which indicates the license is issued by the City of Chelan, with the date of expiration;
2. The name of the owner or representative and a telephone number where the owner or representative may be contacted;
3. The number and location of approved parking spaces;
4. The maximum occupancy permitted for the short-term rental;
5. Any required information and conditions specific to the operating license;
6. The property address; and
7. The City of Chelan official logo.

### 5.15.090 Additional Operational Requirements

A. Response to Complaints. The owner or representative shall respond to neighborhood questions, concerns, or complaints in a reasonably timely manner depending on the circumstances.

1. Complaints. The owner or representative shall maintain a record of complaints and the actions taken in response to the complaint, if relevant, in an electronic or written manner deemed

reasonable to document the interaction. This record shall be made available for City inspection upon request to investigate under subsection (A)(3) of this section.

## 2. City Authority.

a. Certain types of complaints are subject to the City's regulatory authority under other sections of the Chelan Municipal Code (noise complaints, nuisance, disorderly conduct, etc.). Other complaints related to occupancy and on-site parking are subject to the City's code enforcement authority pursuant to this chapter. It is not intended that the owner, agent or representative act as a peace officer or code enforcement officer or put themselves in an at-risk situation. However, reasonable initial inquiries or complaints related to noise, disturbances, occupancy or parking may first be made to the owner or representative.

b. Complaints specifically related to the good neighbor guidelines, or the condition, operation or conduct of occupants of the short-term rental, should first be made to the owner or representative. If there is a failure to respond or a clearly inadequate response by the owner or representative, a complaint may be submitted to the City on a form provided by the City and the City will respond or investigate as needed. The City will first seek voluntary compliance or resolution, but if the City finds substantial evidence supports further action given the complaint(s), the City will follow the warning procedures set forth in Chapter 2.80.

3. Records. On request and in compliance with the public records law, the City shall provide the owner, authorized agent and/or representative with the information in the complaint.

4. Grounds for Warning. Repeated failure of the owner or representative to timely and reasonably respond to a complaint(s) relayed by City staff is considered grounds for a warning and potential revocation under CMC 5.15.100. Issuance of a noise citation to a tenant may be grounds for a warning to the owner, only if under the circumstances in the reasonable judgment of the Administrator, the owner should be held responsible. Issuance of a public nuisance citation may be grounds for a warning in the appropriate circumstances.

5. Administrative Rules. The Administrator shall have the authority to establish administrative rules and regulations consistent with the provisions of this chapter for the purpose of interpreting, clarifying, carrying out, furthering, and enforcing the provisions of this chapter. A copy of such administrative rules and regulations shall be on file in the office of the City Clerk and be posted on the City website.

### 5.15. 100 Revocation Procedure

A. In addition to the penalties described in CMC 2.80.160, the following provisions apply to violations of this chapter:

1. Failure to renew an operating license as set forth in CMC 5.15.070 is grounds for immediate revocation of the operating license.
2. Failure to meet the criteria required by 5.15.080 is grounds for immediate revocation of the operating license.
3. The discovery of material misstatements or providing of false information in the application or renewal process is grounds for immediate revocation of the operating license.

4. Such other violations of this chapter of sufficient severity in the reasonable judgment of the Administrator, so as to provide reasonable grounds for immediate revocation of the operating license.
6. Other violations of this chapter, including but not limited to City initiated investigation/sustaining of complaints, shall be processed as follows:
  - a. For the first violation within a 12-month period, the sanction shall be a warning notice.
  - b. If the same offense continues to occur or a second similar offense occurs at any time during a 12-month period, the City may either send a second warning notice or suspend the operating license for 90 days, depending on the severity of the offense.
  - c. If a third similar offense occurs at any time during a 12-month period, the penalty shall be revocation.

B. Notice of Decision/Appeal/Stay. If the operating license is suspended or revoked as provided in this section, the Administrator shall send written notice of suspension and revocation to the owner stating the basis for the decision. The notice shall include information about the right to appeal the decision and the procedure for filing an appeal. The owner may appeal the Administrator's decision to revoke the operating license to the Hearing Examiner per CMC Chapter 2.15. Upon receipt of an appeal, the Administrator shall stay the suspension or revocation decision until the appeal has been finally determined by the Hearing Examiner.

#### 5.15.110 Violations – Penalties

A. In addition to the revocation procedure of CMC 5.15.100, any person or owner who uses, or allows the use of, property in violation of this chapter is subject to the enforcement authority of CMC Chapter 2.80.

B. The following conduct also constitutes a violation of this chapter and is a civil infraction:

1. Representing a dwelling as available for occupancy or rent as a short-term rental where the owner does not hold a valid operating license issued under this chapter, or making a short-term rental available for use, occupancy or rent without first obtaining a valid operating license. Evidence of operation includes but is not limited to advertising, online listings or calendars of availability, guest testimony, online reviews, rental agreements or receipts;
2. Advertising or renting a short-term rental in a manner that does not comply with the standards of this chapter; and
3. Failure to comply with the substantive standards of CMC 5.15.070 and 5.15.080.

C. Notwithstanding the application of the uniform code enforcement procedures in Chapter [2.80](#), the business license fee and any assessed late charges shall constitute a debt to the city and may be collected by court proceedings in the same manner as any other debt in like amount, which remedy shall be in addition to all other existing remedies.

D. Termination of Water Service. In addition to the methods of code enforcement in Chapter [2.80](#), the administrator may terminate the provision of water service to the applicant or licensee.

*Note: C and D are from Business License regulations, CMC 5.13.090.*

### 5.15. 120 Appeals of Short-Term Rental Operating License Determinations

- A. Filing Requirements – Notice. The owner or authorized agent may appeal a short-term rental operating license revocation to the Hearing Examiner.
- B. Authority to Decide Appeal. The Hearing Examiner shall be responsible for determining an appeal of a decision approving or denying an application or renewal application for an operating license, or revoking or suspending an operating license, in any zone.
- C. Time for Filing. An appellant is required to file a written notice of appeal including the basis for the appeal within fourteen calendar days of the license determination being appealed.
- D. Fee for Appeal. The City Council may establish by resolution a fee for filing an appeal. The fee shall be sufficient to recover the average or actual costs of mailing notice of hearing and conducting the hearing.
- E. Procedures. The Administrator may establish administrative procedures to implement the appeal procedures provided in this section, including any required forms. The Hearing Examiner may adopt procedures for hearings consistent with CMC Chapter 19.30.
- F. Hearing. Within 30 days of receiving the notice of appeal, the Administrator shall schedule a hearing on the appeal before the Hearing Examiner. At the hearing, the appellant shall have the opportunity to present evidence and arguments as may be relevant.
- G. Standard of Review and Decision. The Hearing Examiner shall determine whether the City's decision was based on a preponderance of the evidence. A decision of the Hearing Examiner shall be based on the evidence received. The Hearing Examiner may determine not to suspend or revoke the license, or to revoke or suspend the license. If the Hearing Examiner upholds the decision to revoke the operating license, the Hearing Examiner shall order the owner to discontinue use as a short-term rental.
- H. Finality. The Hearing Examiner's decision shall be final on the date of mailing the decision to the appellant. The Hearing Examiner's decision is the final decision of the City and is appealable only to Superior Court.

### 5.15. 130 Discontinuance of Short-Term Rental Occupancy

- A. After Revocation. After a short-term rental operating license has been revoked, the dwelling unit may not be used or occupied as a short-term rental unless a new short-term rental operating license and business license are granted, and the owner of the property to which the license applied and whose license has been revoked shall not be eligible to reapply for a short-term rental license for short-term rental occupancy of the same property for a period of 12 months from the date of revocation.
- B. After Expiration. If a short-term rental operating license expires, the dwelling unit may not be used or occupied as a short-term rental, except for the 60-day grace period for new owner(s) of property during which time they may apply for a new operating license. New operating licenses on properties with expired licenses shall comply with application procedures, criteria, inspections, and requirements in this chapter and any future conditions or requirements pertaining to Short term rentals.

### 5.15. 140 Remedies Not Exclusive

The remedies provided in this chapter are in addition to, and not in lieu of, all other legal remedies, criminal and civil, which may be pursued by the City to address any violation of this code or other public nuisance.

# Attachment A: Good Neighbor Guidelines

## Short Term Rental Operating License - Good Neighbor Guidelines

The Good Neighbor Guidelines (GNG) were created to educate Short-Term Rental (STR) owners and tenants/guests on the importance of being a good neighbor.

- **24-Hour Contact Information.** If at any time you have concerns about your stay with regards to the unit's health, safety, overall cleanliness, or concerns from your neighbors, please call the 24-hour contact number listed here:

Qualified Contact Person's Name:

Daytime Number: \_\_\_\_\_ Evening number:

email:

text number:

My qualified person's contact is also listed in the rental lease agreement, and posted in the unit, and distributed to my neighbors.

In the event of an emergency, please call 911.

- **General Respect for Neighbors.** Be friendly, courteous, and treat your neighbors like you want to be treated. Respect your neighbors and their private property by not trespassing
- **Noise.** The City of Chelan prohibits nuisance noise during hours of rest. Please be considerate of the neighborhood, and your neighbor's right to the quiet enjoyment of their home and property, especially after 10 p.m. Noise complaints generated from your party may result in a civil penalty and/or the owner's rental license revocation.
- **Maintenance of Property.** Be sure to pick up after yourself and keep the property clean, presentable and free of trash.
- **Garbage Disposal.** Place trash and recycling containers at the appropriate place and time for pickup. Return trash and recycling containers to the designated location within 12 hours after pickup. Cigarette butts should be properly extinguished and disposed of in the garbage.
- **Parking & Traffic Safety.** Refer to the parking diagram posted in the unit and park in the designated visitor spots. You are allowed to have one car for every two bedrooms. Do not park on lawns or in a manner which blocks driveways, sidewalks, alleys, or mailboxes. Drive slowly through neighborhoods and watch for pedestrians and children playing.
- **Pets.** Promptly clean-up after your pets. Prevent excessive and prolonged barking. Keep pets in designated areas and obey local leash laws to avoid them from roaming the neighborhood. Control aggressive pets. Store pet food indoors and in a secure container to reduce the likelihood of unwanted pest problems.
- **Tenant/Guest Responsibility.** Approved guests and their visitors are expected to follow these Good Neighbor Guidelines. Be sure to read your rental agreement for additional terms and restrictions which may include consequences for violating the Good Neighbor Guidelines.

# Attachment B: Self-Certification Checklist

## PROPERTY AND CONTACT INFORMATION

Property Owner		
Parcel Number		
Parcel Address		
City, State, Zip Code		
Zip Code		
Mailing Address		
City, State, Zip Code		
Phone/Email Contact	Phone:	Email:

## QUALIFIED PERSON

“Qualified person” means the owner, authorized agent, or a designated contact person who is at least 21 years of age and who resides within 60 miles of the city limits of the city of Chelan and is available to respond to short-term rental tenants, neighbors, and the City regarding complaints or other operational conditions of the short-term rental unit.

The owner or authorized agent or qualified person shall be available to be contacted by telephone to ensure a response to the short-term rental address at all hours (24 hours a day, seven days a week) while the dwelling unit is occupied for rent.

Qualified Person Name		
City, State, Zip Code		
Phone/Email Contact	Phone:	Email:

## PARKING DIAGRAM

The owner shall provide at least one off-street parking space, outside of the required setbacks for each two rented bedrooms. A parking diagram of the approved parking spaces shall be provided to tenants and be available in a prominent location within the short-term rental dwelling.

# SHORT TERM RENTAL OPERATING LICENSE SELF-CERTIFICATION CHECKLIST

The purpose of this form is to provide short-term rental property owners a guide when inspecting their properties to ensure compliance with the standards set forth in City of Chelan Short Term Rental Operating License, CMC Chapter 5.15.

## Life Safety

- ☐ House numbers are installed and clearly visible from the street or common areas.
- ☐ Exit stairs are in good repair and have proper landings and handrails/guardrails.
- ☐ Stairs width and rise/run are sufficient.
- ☐ Door locks are present and operative.
- ☐ Window locks are present and operative.
- ☐ Porch, deck, or balcony are in good repair and have guardrails.

## Exit(s)

- ☐ Exterior doors and/or door framework are in good repair.
- ☐ Exit windows from sleeping rooms are provided and sufficient in area or dimension.
- ☐ Exiting is sufficient in number, width, or access for the occupant load served.

## Fire

- ☐ Operative smoke detectors in all sleeping rooms, outside of sleeping areas, and on each floor of dwelling.
- ☐ Appropriate storage, and lack of building clutter or other fire hazards.

## Electrical

- ☐ Every habitable room contains at least two electrical outlets or one outlet and one light fixture.
- ☐ All electrical equipment, wiring, and appliances have been installed and are maintained in a safe manner.
- ☐ Ground fault circuit interrupters are installed in the bathrooms and kitchens.
- ☐ Light fixtures, receptacles or switches are in working order.

## Plumbing, Heating, Ventilation, and Sanitation

- ☐ Dwelling equipped with bathroom facilities consisting of a toilet, sink, and either a bathtub or shower.
- ☐ Dwelling equipped with kitchen facilities consisting of a stove, refrigerator, and sink.
- ☐ All plumbing fixtures connected to the sanitary sewer system and equipped with proper "P" traps.
- ☐ All plumbing fixtures connected to an approved water supply and provided with hot and cold water necessary for their normal operation.
- ☐ All sanitary facilities installed and maintained in safe and sanitary condition.
- ☐ Dwelling is equipped with heating facilities in operating condition.

- ☐ All solid fuel burning appliances are installed per applicable codes and maintained in safe working condition.
- ☐ Dwelling has proper ventilation in all rooms and areas where fuel burning appliances are installed.
- ☐ Temperature/pressure relief valve present on water heater.
- ☐ Adequate and operative heating or mechanical equipment.
- ☐ Dwelling is equipped with heating facilities in operating condition.
- ☐ No signs of mold or mildew on wall surfaces.
- ☐ No signs of infestation from rodents or insects.
- ☐ Dwelling is equipped with adequate garbage and rubbish storage.

## Structural

- ☐ Dwelling has no sags, splits or buckling of ceilings, roofs, ceiling or roof supports or other horizontal members due to defective material or deterioration.
- ☐ No split, lean, list, or buckle of dwelling walls, partitions, or other vertical supports due to defective material or deterioration.
- ☐ Fireplaces and chimneys are not listing, bulging, or cracking due to defective material or deterioration.
- ☐ No evidence of decay or damage to exterior stairs or decks.

## Weather Protection

- ☐ Dwelling has no broken windows or doors.
- ☐ No broken, rotted, split, buckled or exterior wall or roof coverings that affect the protection of the structural elements behind them.



# Chelan Short-term Rentals Situation Assessment

**DRAFT** | November 2018

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# Introduction

This situation assessment is designed to inform the City of Chelan's potential regulation of short-term rentals (STRs). STRs are residential dwelling units, or portions of the units, that are rented out on a nightly basis for not more than 30 days to individual guests.

After describing the local community and housing market, this assessment defines the effects of STRs on housing availability and affordability, as well as their use as tourist accommodations.

Existing trends and conditions show a high level of demand for all housing and accommodation types offered in Chelan, lack of sufficient housing supply for year-round residents, and decreasing affordability. STRs may be contributing to the inadequate housing supply and reduced affordability, yet if well-regulated may help primary residents afford their homes.

Example STR regulations are considered, together with best practices to address neighborhood character and stability and ensure occupant health and safety. Zoning and license regulations are both often used to regulate STRs. Typically, both a regulatory license and a business license is annually required and can cover the cost of administration and enforcement. Additionally, sales tax and lodging tax applies. The potential for use of license and tax fees to address affordable housing gaps is addressed through examples from other states and the City of Seattle.

## Situation Assessment

### WHO LIVES IN OR VISITS CHELAN TODAY?

#### Summary

The City of Chelan has grown steadily but modestly in year-round residents. The community is a desirable destination for persons over 65 years old, but still has a sizeable share of households with children. A high share of householders lives alone compared to the county or state.

Most households are white, but a greater share than the county or state are Hispanic/Latino, who are more likely to live in family households compared to other residents. While a high share of the population is greater than 65 years in age, the percentage of the community with disabilities is much lower than the county or state; still these households may have a need for different housing types.

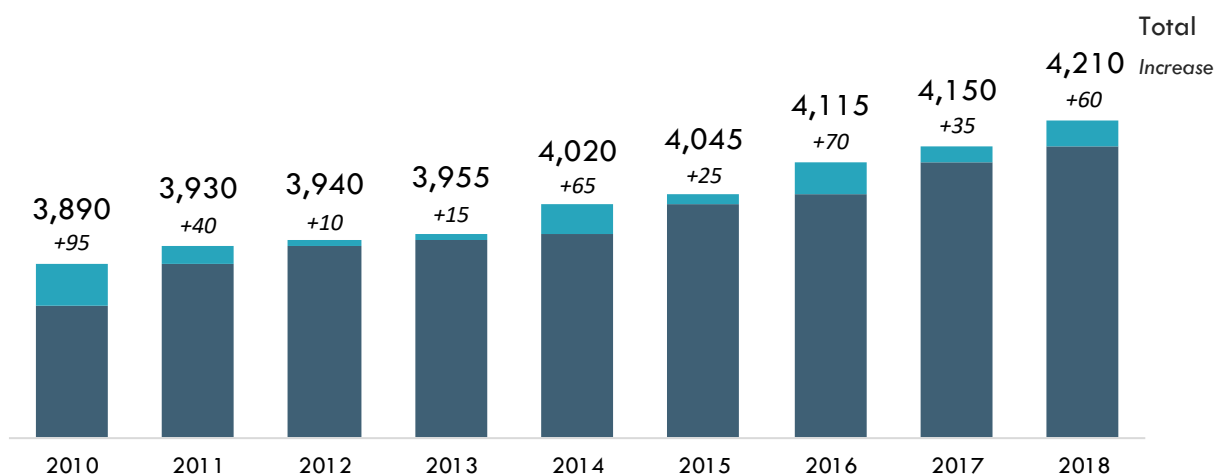
A housing stock with a variety of housing types and affordability levels is important for current and future Chelan residents. Senior homeowners may be thinking of downsizing and seeking housing features such as single-story dwellings, level lots, and easy access to shopping, walking trails, and health-care facilities. Young families may seek homes with yards or homes near to parks and schools. Empty nesters may wish to have smaller homes and access to cultural and recreational facilities. STRs can affect the availability of supply of some types of homes more than others as noted in this paper.

#### Year Round and Seasonal Population

The city has been experiencing consistent growth since 2010, shown in Exhibit 1. The 2018 permanent population of the city is 4,210 people. The unincorporated Urban Growth Area (UGA) had a population of about 389 in 2017, and together the city and UGA have a population of about 4,599. The City's

Comprehensive Plan expects the city limits and unincorporated UGA will grow to 5,719 by 2037, higher than the County growth target of 4,880.

**Exhibit 1. Chelan Population, 2010 to 2018**



Source: Office of Financial Management 2018; BERK, 2018.

The city has a high seasonal population fluctuation, and during the summer months the population can grow to about 25,000 people according to Lake Chelan Chamber of Commerce.<sup>1</sup> Seasonal population was estimated in the Comprehensive Plan Capital Facilities Plan Appendix at 8,651 persons, essentially double the year-round population. See Exhibit 2.

**Exhibit 2. Seasonal Population Equivalents based on Taxable Retail Sales (TRS): 2010-2016**

YEAR	PERMANENT POPULATION	AVERAGE TRS Q1+Q4: PERMANENT POPULATION	AVERAGE NON-PEAK \$\$ PER CAPITA	AVERAGE TRS Q2+Q3 PEAK SALES	MAXIMUM SEASONAL POPULATION EQUIVALENTS
2010	3,890	\$24,854,855	\$6,389.42	\$39,455,282	6,175
2016	4,115	\$28,231,954	\$6,860.74	\$59,352,013	8,651

Note: Derived by dividing taxable retail sales per capita during non-peak seasons and dividing peak taxable retail sales by that amount during peak months.

Source: State Department of Revenue, 2017; BERK Consulting 2017

## Age

Chelan currently has a large senior population. See Exhibit 3.

- Chelan's median age is 43, greater than the county or state.
- Nearly 19.5% of Chelan's population is 65 years and older, greater than the county and state.
- The percentage of those 18 and under is 20.4% in 2016 less than the county or state.

<sup>1</sup> Lake Chelan Chamber of Commerce. Accessed: August 17, 2018. Available: <http://www.lakechelan.com/about-the-area/chelan/>.

### Exhibit 3. Chelan Median Age and Population Shares by Age Group

AGE CHARACTERISTIC	CHELAN	COUNTY	STATE
Median Age 2010	44.1	39.3	37.3
Median Age 2016	43.0	39.8	37.6
0-19 years 2016	20.4%	26.5%	25.0%
20 – 64 years 2016	60.1%	56.0%	61.0%
<b>65 years + 2016</b>	<b>19.5%</b>	<b>17.5%</b>	<b>14.0%</b>

Source: US Census 2010, ACS Five-Year Estimates 2012-2016.

### Household Types

See Exhibit 4. In terms of household arrangements:

- Chelan has fewer households with children than the county or state.
- Chelan has a share of households with persons 60 years or greater similar to the county but more than the state
- Chelan has a much higher share of households living alone compared to the county or state, with many 65 years or older.

### Exhibit 4. Chelan Household Arrangements and Age

HOUSEHOLD CHARACTERISTIC	CHELAN	COUNTY	STATE
Households with one or more people under 18 years	17.6%	29.4%	30.9%
Households with one or more people 60 years and over	42.1%	43.9%	35.8%
Householder living alone	35.1%	28.3%	27.5%
65 years and over	13.5%	13.2%	9.8%

Source: ACS Five-Year Estimates 2012-2016.

### Race and Ethnicity

Chelan is largely made up of White residents but has a greater share of residents that are Hispanic or Latino compared to the county or state. See Exhibit 5.

### Exhibit 5. Chelan Race and Ethnicity 2016

RACE AND ETHNICITY	CHELAN	COUNTY	STATE
White Alone	95%	91%	77%
Hispanic or Latino (of any race)	36%	27%	12%

Source: ACS Five-Year Estimates 2012-2016.

Most households of any race or ethnicity live in family arrangements with or without kids or both parents. Hispanic/Latino families have a greater share of family households. Families with children may have different housing type needs than those without. See Exhibit 6.

**Exhibit 6. Household Types White Alone and Hispanic/Latino 2016**

HOUSEHOLD TYPE	WHITE ALONE	HISPANIC/LATINO
Family Households	53%	61%
Nonfamily Households including living alone	47%	39%

Source: ACS Five-Year Estimates 2012-2016.

## Residents with Disabilities

Compared to the county or state, the City of Chelan has a small proportion of its population living with a disability. For those with ambulatory, self-care, or assisted living needs, access to housing that provides for universal design or for supportive care may be appropriate. See Exhibit 7.

**Exhibit 7. Chelan Residents with a Disability 2016**

DISABILITY	CHELAN	COUNTY	STATE
Total civilian noninstitutionalized population	3,943	74,136	6,967,768
Percent with a disability	6.1%	11.8%	12.8%
<i>Type of disability – person may have more than one</i>			
With a hearing difficulty	1.8%	3.8%	4.1%
With a vision difficulty	0.2%	2.1%	2.2%
With a cognitive difficulty	2.0%	4.9%	5.4%
With an ambulatory difficulty	2.9%	6.2%	6.7%
With a self-care difficulty	2.1%	2.4%	2.5%
With an independent living difficulty	2.5%	5.8%	5.6%

Source: ACS Five-Year Estimates 2012-2016.

## WHAT IS THE CURRENT HOUSING MARKET IN CHELAN?

### Summary

**Demand for housing in Chelan is high while housing units are undersupplied.** The housing supply in Chelan is mostly single-family housing occupied by primary residents, with many housing units being used for seasonal and vacation uses. Figures show the housing market is very tight across all unit types, and supply is limited for purchasing and renting. The mix of available housing units does not entirely fit the community makeup or household compositions.

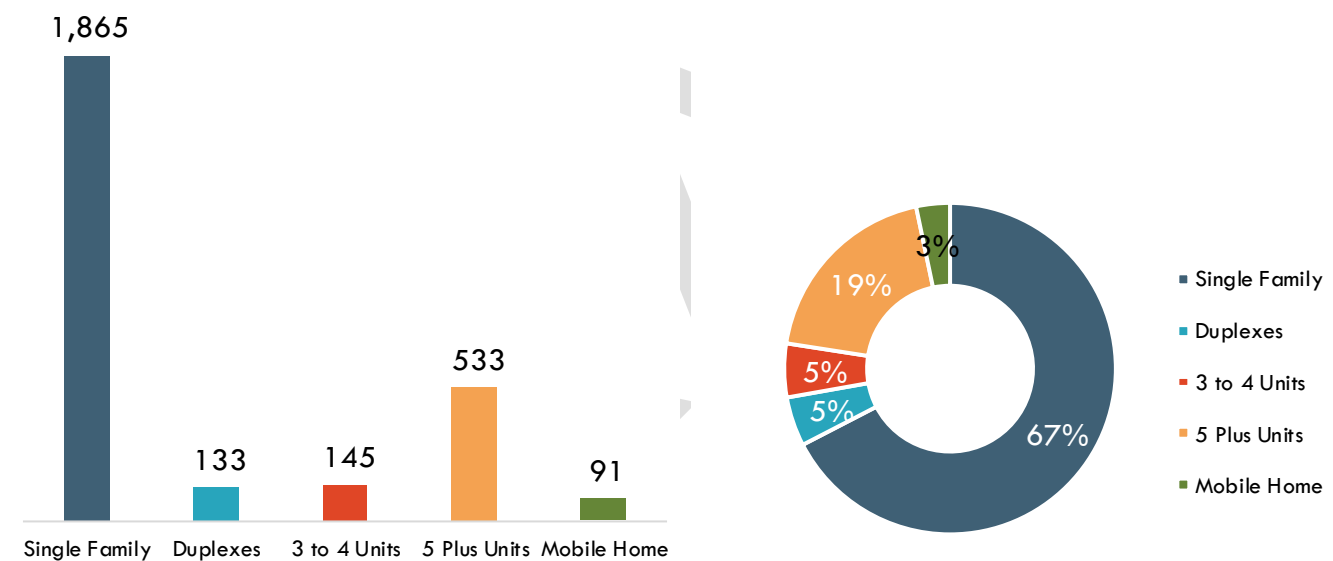
**The cost of housing is increasing and is expected to continue.** All housing types are becoming more expensive for owners and renters. The high level of housing demand is seen in the rising prices of housing, which has been becoming more unaffordable over time.

**The housing market in Chelan fluctuates with the tourism season.** Though the supply of traditional hotels and motels has stayed relatively stable, Chelan is popular as a tourist destination and experiences large population swings in the summer, which increases demand for accommodations. Many housing units in Chelan are not used for full-time occupancy and are used for seasonal residents or potential short-term rental use.

### What is the current housing inventory in Chelan and what are the households' characteristics?

The City of Chelan has 2,767 housing units as of 2018; see Exhibit 8 for a break down by unit type. About 67% of housing units in Chelan are single family homes, while 19% of are multifamily structures of at least 5 plus units. Duplexes and three to four sized units each make up 5% of the housing supply each. Only 3% of units consist of mobile homes.

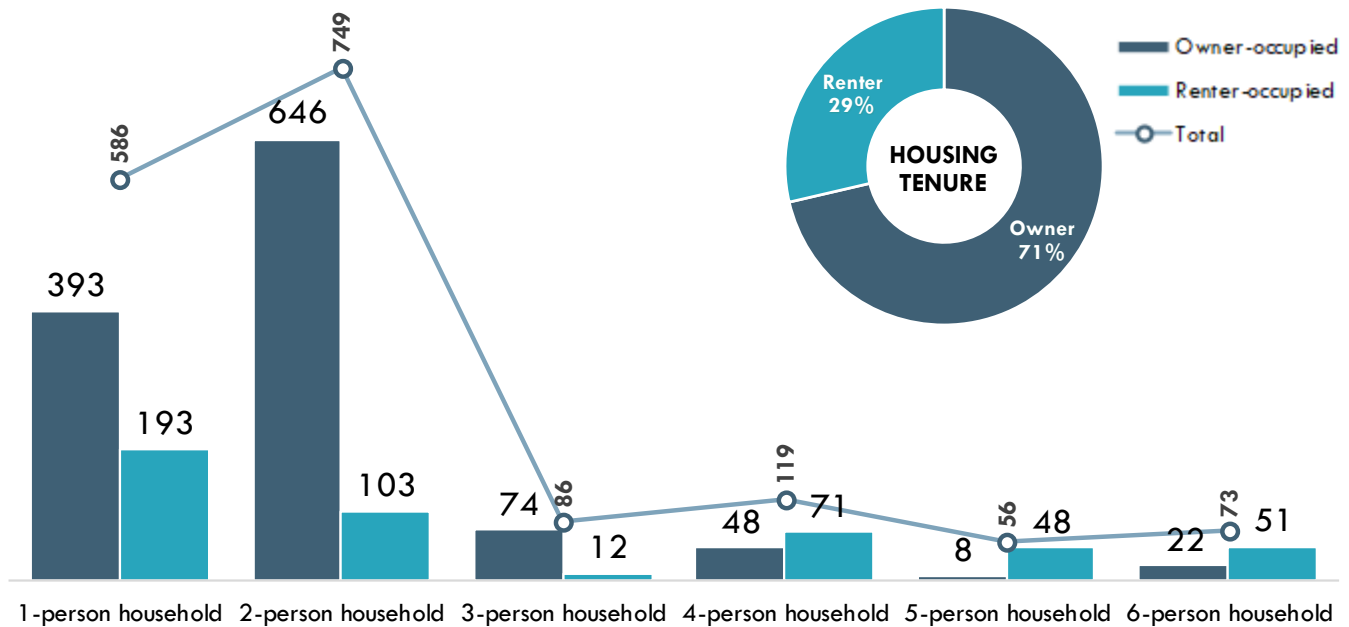
**Exhibit 8. Chelan Housing Supply, 2018**



Source: Office of Financial Management 2018; BERK, 2018.

Most (80%) housing in the city is owner-occupied and occupied by one to two people; see Exhibit 9. Renters are more likely to live in larger households.

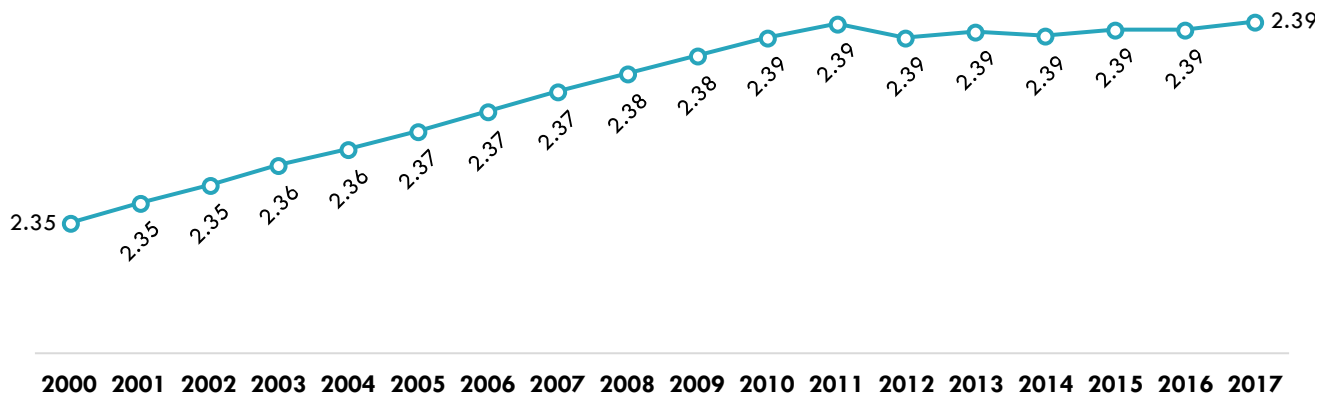
**Exhibit 9. Chelan Tenure, 2016**



Source: ACS 2011-15 5-year Estimates, 2018; BERK, 2018.

Household size has been increasing overall since 2000, however the overall changes in household size have stabilized since 2011, as shown in Exhibit 10.

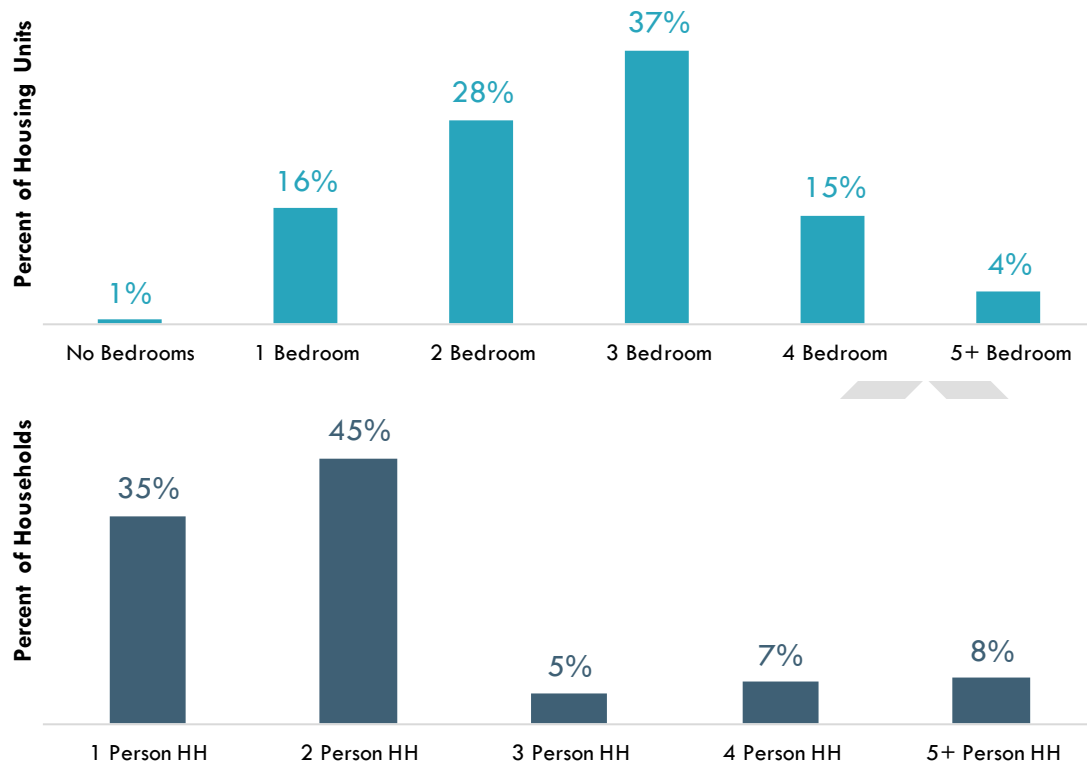
**Exhibit 10. Chelan Household Size, 2000 to 2017**



Source: Office of Financial Management, 2018; BERK, 2018.

Almost 50% of all housing units in Chelan have 0 to 2 bedrooms, yet 80% of households have one or two members, shown in Exhibit 11. That means small households are occupying traditional single-family homes with several bedrooms. This may indicate that the larger sized housing units are preferred or are simply the choices available for owners; there may be more demand for flexible housing.

**Exhibit 11, Chelan Housing Unit Size Compared to Household Size, 2016**



Source: ACS 2012-16 5-year Estimates, 2018; BERK, 2018.

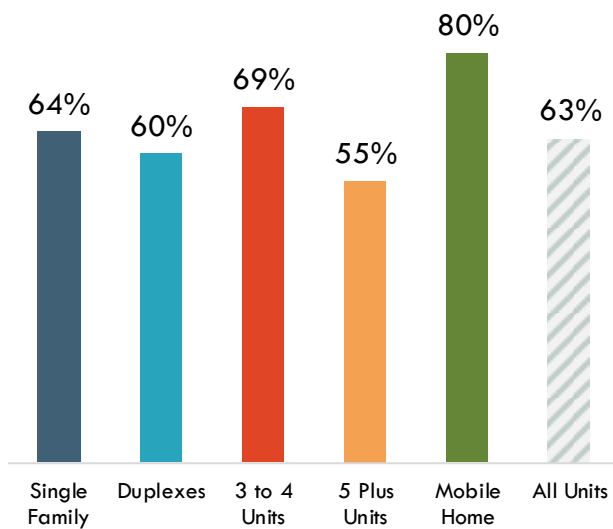
### How many housing units are primarily used for seasonal or vacation uses?

Year-round home occupancy in the city is low across all housing types, as shown in Exhibit 12. Of the overall 2,767 housing units in Chelan, over 1,000 are estimated to be unoccupied year-round based on the most recently available occupancy rate.

The OFM data in Exhibit 12 is more consistent with 2010 Census data in Exhibit 13. The 2016 data shows more year-round occupancy, but the data is based on a 5-year average and has a higher error rate double that of the 2010 Census data. The most recent ACS data available is not recent enough to cover the period of rapid STR growth and measure their recent impacts.



## Exhibit 12. City of Chelan Housing Occupied Units and Occupancy Rate, 2018



Source: Office of Financial Management, 2018; BERK, 2018.

## Exhibit 13. Chelan Percentage of Seasonal Housing Units, 2000-2016

	2000	2010	2016
Occupied Year-Round	71%	65%	75%
Unoccupied	29%	35%	25%
<i>Unoccupied by Type</i>			
Occupied Seasonally	19%	23%	18%
Vacant (for rent or sale)	4%	4%	3%
Other	5%	7%	4%

Source: U.S. Census 2000, 2010. ACS 5-Year Estimates 2012-2016; BERK, 2018.

An estimate of local and nonlocal residential property ownership is shown in Exhibit 14. Using assessor parcel data for all residential-use parcels, the site address and mailing address were compared to find local ownership. It was assumed that the city mailing address was likely where the parcel owner spends most of their time.

This estimate shows that local ownership makes up about 47% of residential use properties in the city and 53% non-city addresses, assumed to be nonresidents. Some of the non-city addresses may represent owners in nearby communities in Chelan or Douglas Counties, but most are out of area owners. Using addresses in Chelan or Douglas County brings the area ownership to about 55%.

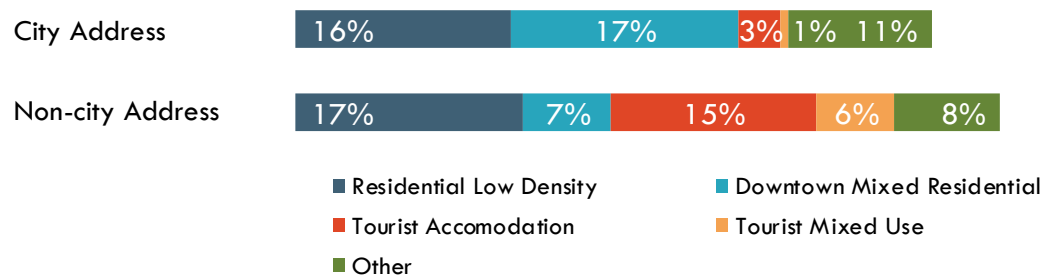
#### Exhibit 14. Chelan Mailing Address by Residential Use Parcels, 2018

	PARCELS	PERCENT
City Address	1,557	45%
Non-city Address	1,912	53%

Source: Chelan County Assessor, 2018; BERK, 2018.

Exhibit 15 shows a breakdown of parcels by their zoning location. Chelan's permanent residents tend to own properties in the Residential Low Density (R-L) zone and Downtown Mixed Residential (DMR) zone. Nonresidents tend to own properties in R-L, Tourist Accommodation (T-A) and Tourist Mixed Use (TMU) areas of the city. The T-A and TMU zones are intended for these types of uses; however, the nonlocal share of the R-L properties may not be aligned with the zoning code's intent.

#### Exhibit 15. Mailing Address by Residential Use Parcels and Zone Type, 2018

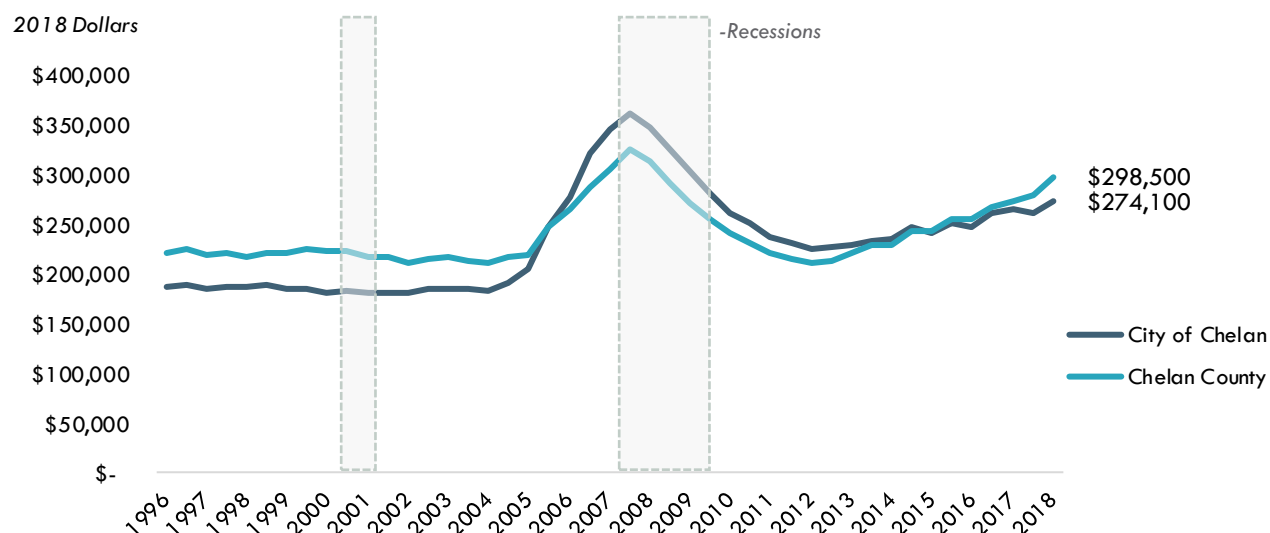


Source: Chelan County Assessor, 2018; BERK, 2018.

### How affordable is housing in Chelan?

**Housing prices are rising quickly and becoming unaffordable.** Trends show rising prices for renters and owners, and for all housing types. Housing prices have been growing in the city and county since 2012 while adjusting for inflation, as seen in Exhibit 16. Since 2012, the housing price increases in the city has been almost 6% each year in 2018 dollars.

## Exhibit 16. Median Estimated Home Value Adjusted for Inflation



Source: Zillow, 2018; BERK, 2018.

Housing prices have been increasing at a faster rate in more recent years, seen in Exhibit 17. While the city's housing prices have not grown as quickly as the county's during recent years.

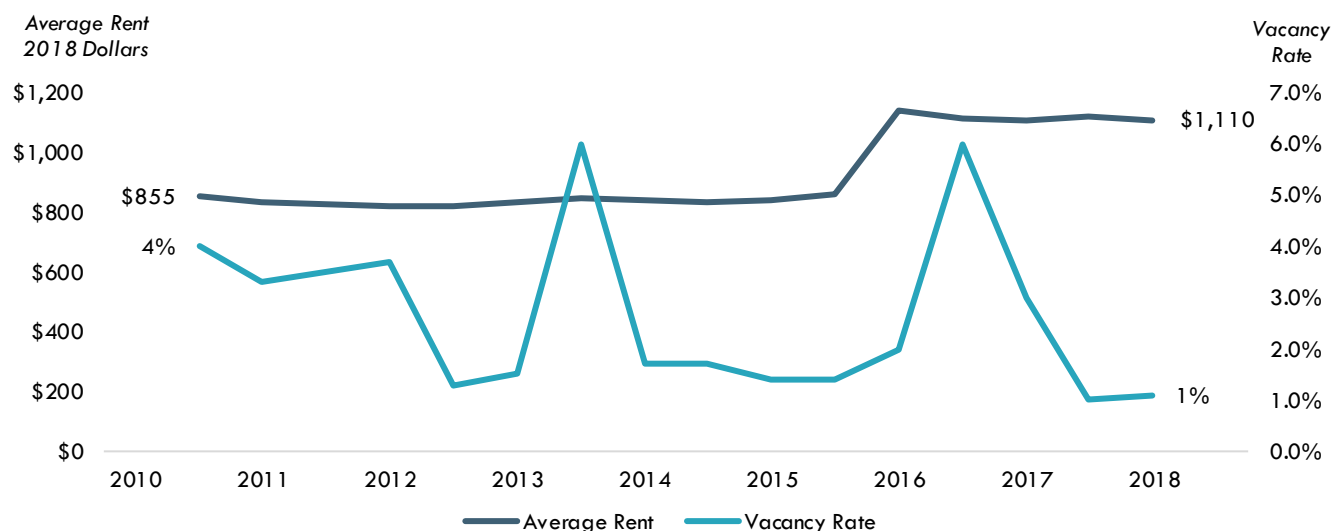
## Exhibit 17. Housing Price 2-year Average Annual Growth Rates

	2014 TO 2016	2016 TO 2018
City of Chelan	2.4%	5.2%
Chelan County	5.7%	7.9%

Source: Zillow, 2018; BERK, 2018.

Apartment prices are also rising while vacancy is low. Exhibit 18 shows Chelan County apartment prices in 2018 dollars rising over time. The time series shows two survey points per year, in the spring and fall, which may affect the vacancy rate because of the seasonal workforce. A healthy vacancy rate is typically about 5%, which has only been seen in 2 out of 16 surveyed quarters. Vacancy rates may also be impacted by large multifamily developments that open, which take time to “lease up” and fill newly created units. The Chelan Comprehensive Plan Existing Conditions Report (October 2017) noted anecdotal information about vacancy rates: Local real estate agents report a very tight rental market in which vacancies are filled quickly.

## Exhibit 18. Chelan County Apartment Rents and Vacancy, 2010 to 2018



Source: University of Washington Runstad Department of Real Estate, 2018; BERK, 2018.

Mortgage affordability in the single-family housing market is shown in Exhibit 19. To purchase a single-family home at the median selling price, a household would need an annual income of \$57,000, which currently only 33% of households can afford. This annual income assumes that a 20% down payment on the mortgage is made. Retirees may be able to afford a 20% down payment or more if selling their prior home. If less money is used in a down payment, monthly costs would go up and likely fewer would afford the median home price.

## Exhibit 19. Mortgage Affordability

Single Family Affordability				Citywide Affordability	
Monthly Mortgage		Annual Housing Expenses		Households	
Median Selling Price	\$274,100	Mortgage Payments	\$13,438	Total households	1,669
Down Payment (20%)	\$54,820	Taxes (1%)	\$2,741	Number of households	
Mortgage Amount	\$219,280	Insurance	\$921	with income > \$60,000	552
Interest Rate	4.60%	(3.50 per \$1000)			
Payments over 30 years	360				
		Annual	\$17,100		
		Monthly	\$1,425		
Monthly Mortgage Payment	\$1,120	Monthly Income Needed	\$4,750	Estimate of households that	33%
		Annual Income Needed	\$57,000	can afford median home price	

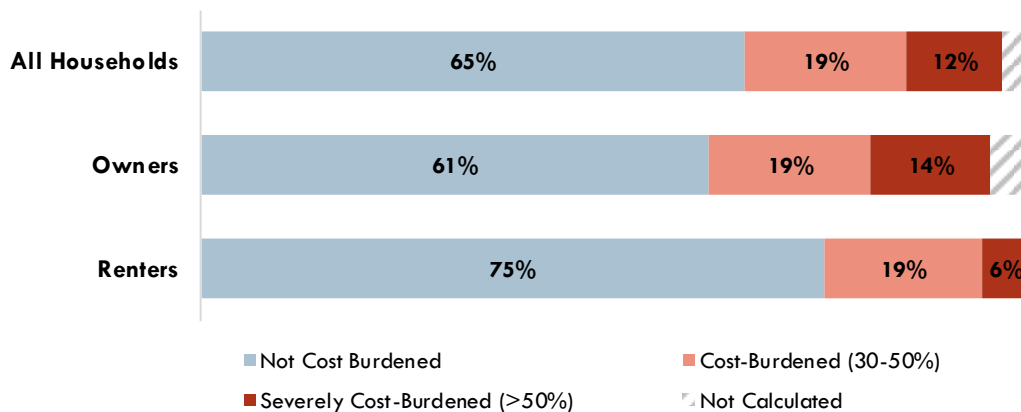
Source: Zillow, 2018; ACS 2012-16 5-year Estimates; BERK, 2018.

Exhibit 20 shows the number of cost burdened Chelan residents by home owners and renters. A person is considered cost burdened if they spend more than 30% of their incomes on housing, and an individual is considered low income if they make less than 80% of the US Housing and Urban Development (HUD) area median family income. Because this is 2011-2015 data, it does not fully reflect the increasing prices in the area.

- **All Households:** As of 2015, about 31% of all households are cost burdened.

- **Owners:** Owners are more cost burdened than all households, with 34% facing cost burdens. This may be in part due to retirees living on fixed incomes. Exhibit 22 shows what type of owner-occupied households are cost burdened.
- **Renters:** 25% of renter households are cost burdened. Exhibit 23 shows what type of renter-occupied households are cost burdened.

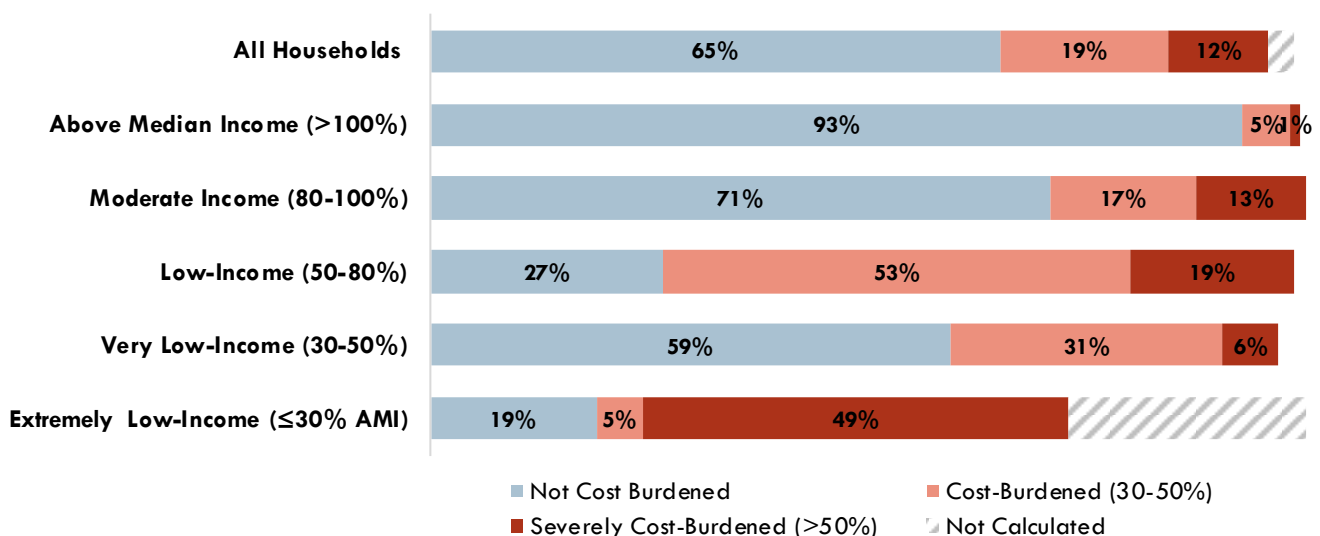
**Exhibit 20. Housing Cost Burdens by Housing Tenure, 2015**



Source: 2011-15 5-Year HUD Area Median Family Income (HAMFI), 2018; BERK, 2018.

Households with lower incomes are significantly more likely to face housing cost burdens, as shown in Exhibit 21. About 6% of households that make more than the median income have cost burdens, while 30% of those with a moderate income and 60% of low income households face cost burdens.

**Exhibit 21. Housing Cost Burdens by Income, 2015 (Households earning percent of \$56,700 of HAMFI)**



Source: 2011-15 5-Year HUD Area Median Family Income (HAMFI), 2018; BERK, 2018.

Most cost burdened owner-occupied households in 2015 were elderly people living alone or small families, seen in Exhibit 22.

**Exhibit 22. Cost Burdened Owner-Occupied Households, 2015**

Household Type	Extremely Low-Income (≤30% AMI)	Very Low-Income (30-50% AMI)	Low-Income (50-80% AMI)	Moderate Income (80-100% AMI)	Above Median Income (>100% AMI)	All Cost-Burdened Owner Households
Elderly Family	20	0	0	0	25	45
Elderly Living Alone	10	60	60	25	0	155
Large Family	0	0	0	0	0	0
Small Family	0	0	65	0	30	95
Other	40	0	60	0	0	100
<b>Total</b>	<b>70</b>	<b>60</b>	<b>185</b>	<b>25</b>	<b>55</b>	<b>395</b>

Source: HUD CHAS (based on ACS 2011-2015 5-year estimates; BERK, 2018).

Most cost burdened renter-occupied households in 2014 were categorized as other (non-family households) or small families, seen in Exhibit 23.

**Exhibit 23. Cost Burdened Renter Households, 2015**

Household Type	Extremely Low-Income (≤30% AMI)	Very Low-Income (30-50% AMI)	Low-Income (50-80% AMI)	Moderate Income (80-100% AMI)	Above Median Income (>100% AMI)	All Cost-Burdened Renter Households
Elderly Family	0	0	0	0	0	0
Elderly Living Alone	15	0	0	10	0	25
Large Family	0	0	0	0	0	0
Small Family	0	0	20	0	0	20
Other	15	0	70	0	0	85
<b>Total</b>	<b>30</b>	<b>0</b>	<b>90</b>	<b>10</b>	<b>0</b>	<b>130</b>

Source: HUD CHAS (based on ACS 2011-2015 5-year estimates; BERK, 2018).

**Permits**

The City has permitted more single-family units than multifamily units in recent years. See Exhibit 24 and Exhibit 25. Single-family permits slowed during the Great Recession but increased since.

**Exhibit 24. Chelan Permit Data for Single Family, 2007-2016**

YEAR	SINGLE FAMILY			
	ALL UNITS	NEW	VALUATION	VALUE/ ALL UNIT
2007	21	21	\$5,980,756	\$284,798
2008	16	16	\$4,511,899	\$281,994
2009	10	10	\$1,837,661	\$183,766
2010	11	11	\$3,244,578	\$294,962
2011	12	12	\$3,768,071	\$314,006
2012	8	8	\$2,042,640	\$255,330
2013	37	37	\$9,248,892	\$249,970
2014	33	33	\$9,764,532	\$295,895
2015	48	48	\$11,497,280	\$239,527
11/14/2016	65	65	\$15,006,000	\$230,862

Source: City of Chelan, 2016.

## Exhibit 25. Chelan Permit Data for Multifamily, 2007-2016

YEAR	MULTIFAMILY			
	ALL UNITS	NEW	VALUATION	VALUE/ ALL UNIT
2007	54	3	\$11,108,187	\$205,707
2008	4	1	\$461,270	\$115,318
2009	2	1	\$390,991	\$195,495
2010	0	0	\$0	\$0
2011	0	0	\$0	\$0
2012	4	1	\$426,292	\$106,573
2013	0	0	\$0	\$0
2014	0	0	\$0	\$0
2015	0	0	\$0	\$0
11/14/2016	4	8	\$1,640,000	\$410,000

Source: City of Chelan, 2016.

### Multifamily Housing Market Report

**The gap in housing supply and housing demand in the multifamily rental market is large.** In November 2017, Cascade Chelan Appraisal (Cascade Chelan) completed a housing demand analysis for apartments in the City of Chelan. The information was presented to the City and is summarized in this situation assessment to help establish an overview of the housing market in Chelan. The Cascade Chelan report finds that there is a significant gap between Chelan's multifamily supply and demand, which contributes renters' higher housing cost burdens.

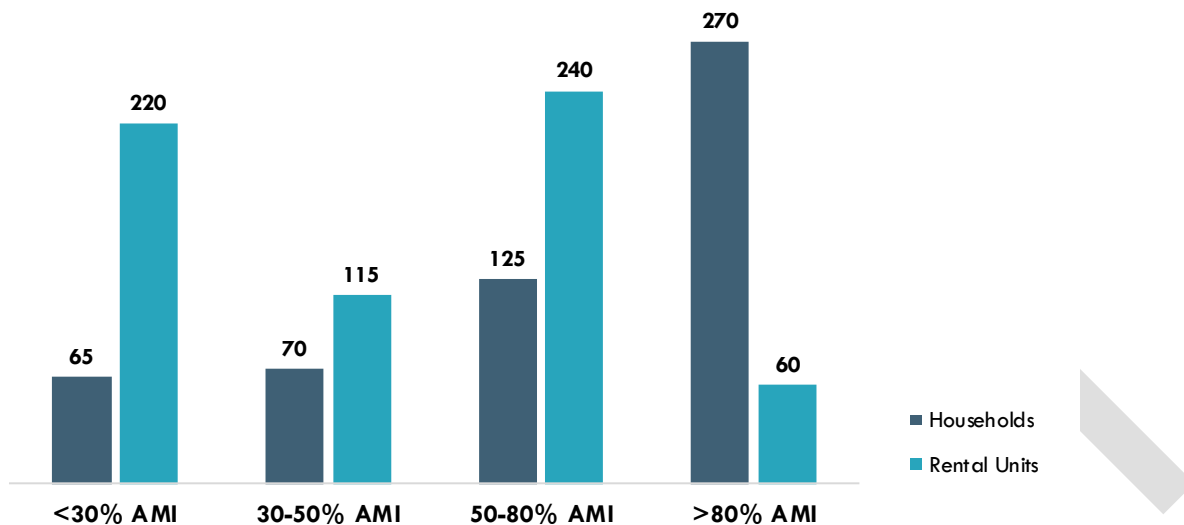
Cascade Chelan states that "the Chelan market is grossly undersupplied which means there is a superabundance of unsatisfied demand." Chelan Appraisal conducted its analysis and found demand rising faster than supply, estimating that there is unmet demand for at least 204 multifamily units of housing beyond the current stock of 784 multifamily units. The undersupply of multifamily housing has caused unmet demand and an "impossibly low vacancy that has existed for a very long time."

The housing demand analysis did not account for housing units that may be used as STRs, which may absorb the available supply of housing and increasing rental prices even higher and increasing the amount of unmet housing demand.

The number of affordable units for renters' households according to the US HUD is shown in Exhibit 26.

The information indicates there is a mismatch of units available to household incomes, which likely continues, but since it reflects a 5-year estimate that includes a recession period and that pre-dates the STR boom, it does not necessarily reflect the current situation.

**Exhibit 26. Household Occupied Unit by Income Level and Number of Rental Units, 2015**



Source: HUD CHAS (based on ACS 2011-2015 5-year estimates; BERK, 2018).

## WHAT IS THE CURRENT SHORT-TERM RENTAL MARKET IN CHELAN?

**STRs based out of private residences have increased rapidly in the last three years**, while traditional hotels/motels have remained stable in numbers, though there is interest in adding additional accommodations over the long term (e.g. T-A zone expansion near golf course, grape growers with casitas in SUD). STRs help create an external source of demand for residential units and can drive up prices. Popular STR platforms include Airbnb, VRBO, HomeAway, and others.

### What is the traditional hotel market like?

Hotel data tracked by the Wenatchee Valley Chamber of Commerce is shown in Exhibit 27. The number of hotels and rooms tracked has remained the same since 2016, although the Chamber-maintained list is not comprehensive. Occupancy has remained about 80% during the summer months for traditional hotels, despite increasing demand for STRs. This suggests that the expected tourism demand is increasing in Chelan more than traditional hotels alone can accommodate. But, the demand for STRs being accommodated by private homes may now be absorbing residential units for STRs rather than full-time occupancy, driving prices up for residential units.

As noted in a recent Wenatchee World Article both hotels/motels and STRs have a role to play in accommodations:<sup>2</sup>

*Shiloh Schauer, executive director of the Wenatchee Valley Chamber of Commerce, said short-term rentals play “a unique role in our tourism industry.”*

### Exhibit 27. Hotel Market in Chelan, 2018

#### HOTELS IN CHELAN

- 7 Hotels tracked in Chelan
- 504 rooms in tracked hotels
- ~ 80% countywide summer occupancy June 2017-June 2018

Source: Wenatchee Valley Chamber of Commerce, 2018.

<sup>2</sup> See: <https://www.wvbusinessworld.com/news/2018/jun/05/short-term-rentals-popular-but-create-concerns/>.



*“We do have times in the year when we don’t have available hotels and we do rely on vacation rentals,” she said.*

*Despite a growing number of hotels, a combination of big events or overflow from nearby events in Leavenworth and Chelan can create a shortage of hotel and motel rooms.*

*Besides, not everyone wants to stay in a hotel, she said. Large families and people with small children may prefer a rental house to hotel rooms.*

*“There’s definitely a place for vacation rentals in our market,” Schauer said. “The important thing, in my opinion, is that they are paying local taxes.”*

*While rentals booked through Airbnb do pay lodging taxes, they don’t pay other taxes which benefit the area, like the tourism promotion area tax that funds out-of-area marketing.*

*“They don’t contribute to the tax, but they are getting the benefit of it,” Schauer said.*

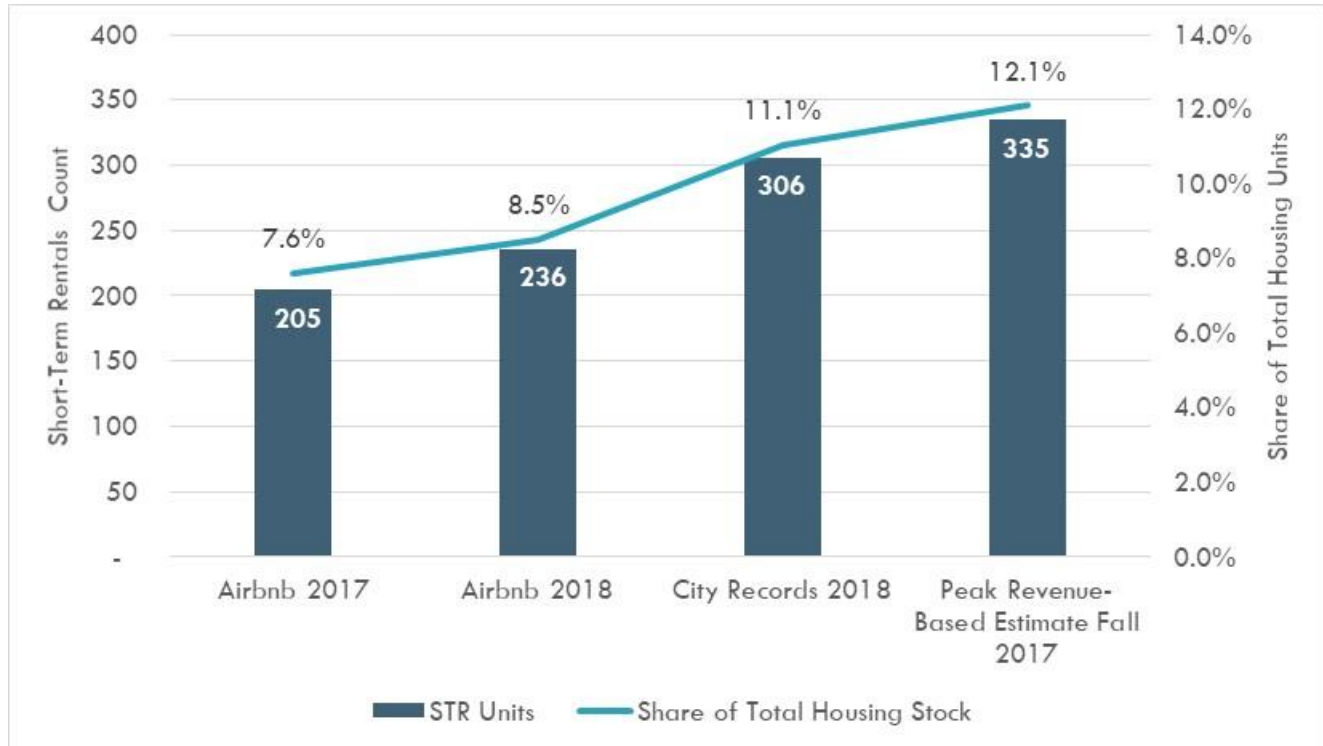
*She also said that rentals should be held to high standards of quality and safety, and regulation should reflect that. Not only will it keep people safe, she said, but good accommodations are a positive reflection on the community.*

### How many short-term housing units are currently in Chelan?

The City has identified approximately 306 units used as STRs by reviewing business applications and licenses, making calls to rental property management entities, and reviewing STR platforms such as VRBO and Airbnb and similar sites. Reviewing Washington State Department of Revenue data on Special Hotel/Motel Taxes from September 2017 to September 2018, the City’s list of STRs appears similar to those paying the Special Hotel/Motel Tax. Based on tax revenue collected, and median monthly rental revenue tracked by Airbnb, the number of STRs remitting taxes varies month to month and could be as low as 150 in non-peak months and potentially up to 335 in peak months. See Exhibit 28 for a comparison of STR estimates and the share of total housing stock; the share varies from 8-12%.

To obtain more information about STR trends over time, this report considers information from AirDNA. AirDNA collects Airbnb postings and creates a database of listings on the site at the ZIP code level. Because data is only accessible for one STR company, this exhibit likely underestimates the full amount of growth in STRs in the city. However, many STR operators do advertise on more than one platform. With adjustments to exclude units outside the city limits in the zip-code level data from AirDNA, Chelan had an estimated 219 active STRs in entire homes, and an additional 18 STRs for private bedrooms, at the peak August month.

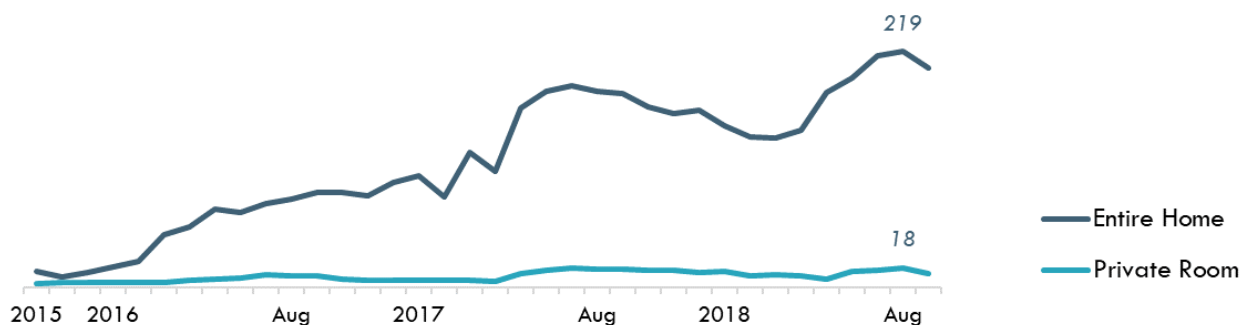
## Exhibit 28. Comparison of Estimates of STRs 2017-2018



Source: AirDNA 2018, City of Chelan 2018, and BERK 2018.

Entire homes being used for STRs has increased rapidly since 2015, while private rooms have seen only modest growth, according to Airbnb rentals. As noted above, August 2018 has been a peak month to date with 219 active STRs in entire homes, and an additional 18 STRs for private bedrooms; see Exhibit 29. This amount dropped to 204 full homes and 13 rooms in September, similar to June/July results. In 2017, the top rental month was July with 187 full homes and 18 rooms.

## Exhibit 29. Short-term Rentals in Chelan Market Area, 2015 to 2018

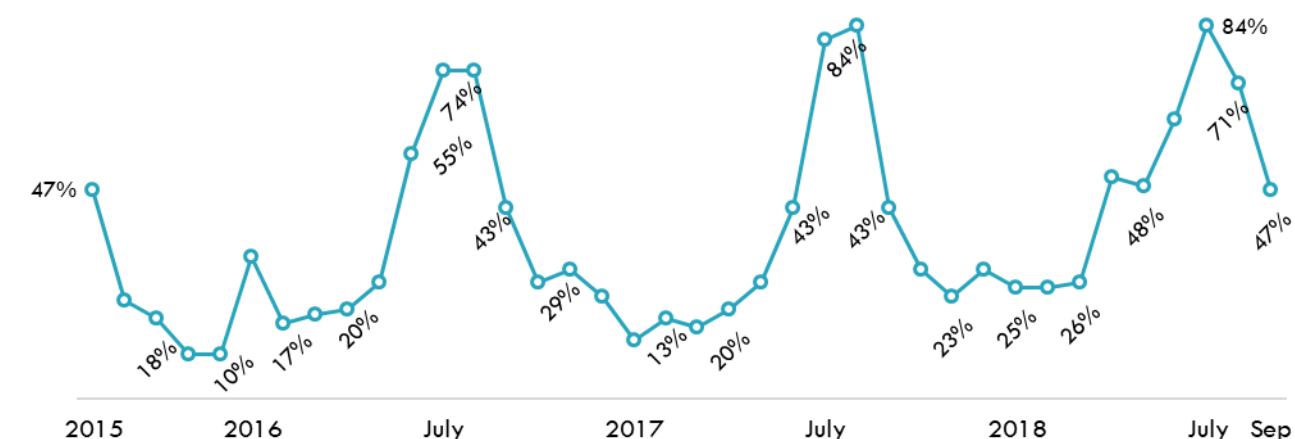


Note: To account for the Chelan market area being larger than the city limits, an estimate of units within the city limits was used to adjust the AirDNA reported market. There is no historical data available, so this adjustment may be less reliable in previous periods.

Source: AirDNA, 2018; BERK, 2018.

The seasonal occupancy for STRs in Chelan varies widely, shown in Exhibit 30. STR occupancy peaks summer months at about 80% occupancy and hits low rates in winter months with about 10-20%.

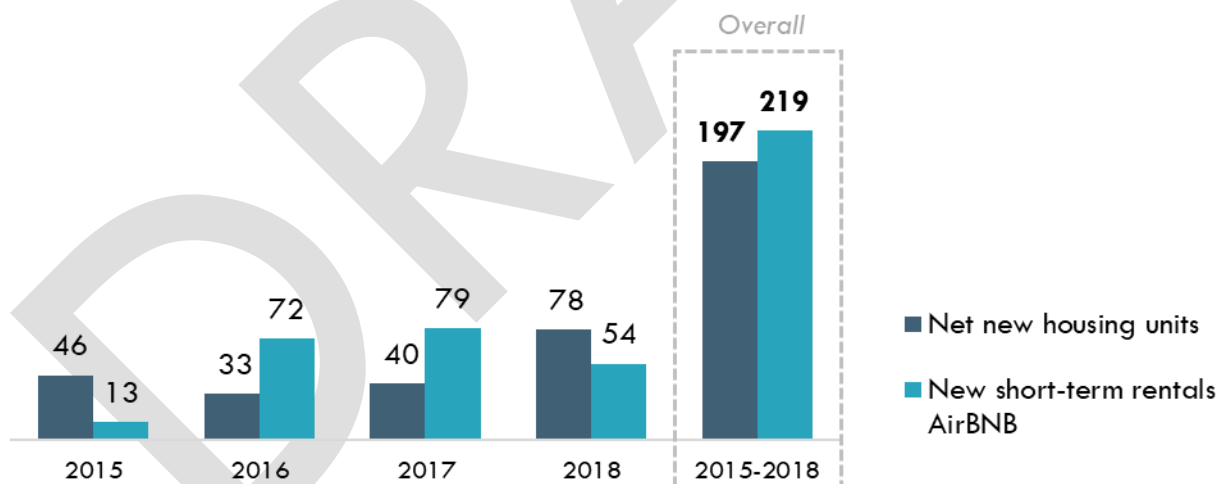
**Exhibit 30. Short-term Rental Occupancy in Chelan Market Area, 2015 to 2018**



Source: AirDNA, 2018; BERK, 2018.

STR growth in Chelan exceeds housing production, shown in Exhibit 31. However, some STRs may have been previously used as second homes or personal vacation homes and may not be removing units from potential full-time residential occupants. Because data is only available from one STR online marketplace, this is likely undercounting the actual number of homes being used for STRs.

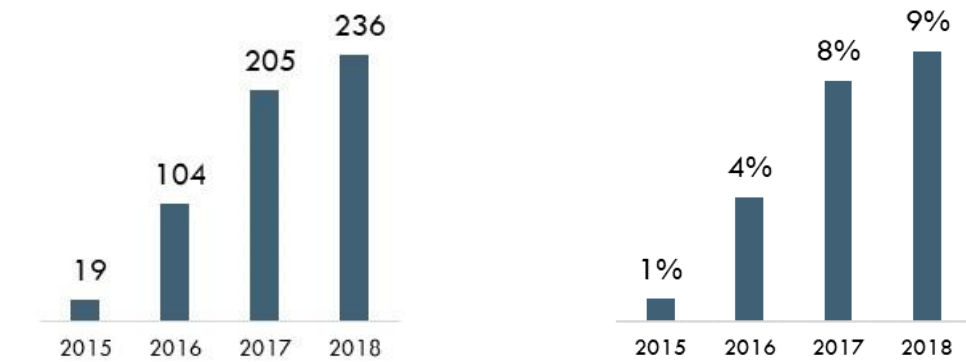
**Exhibit 31. Housing Unit Production and Airbnb Active Listings, 2015 to 2018**



Source: Office of Financial Management, 2018; AirDNA, 2018; BERK, 2018.

The share of housing units being used for STRs has increased quickly in Chelan, increasing from 1% in 2015 to 9% by 2018, shown in Exhibit 32.

### Exhibit 32. Airbnb Short-term Rentals – 2015 to 2018



Peak Month Airbnb Short-Term Rentals

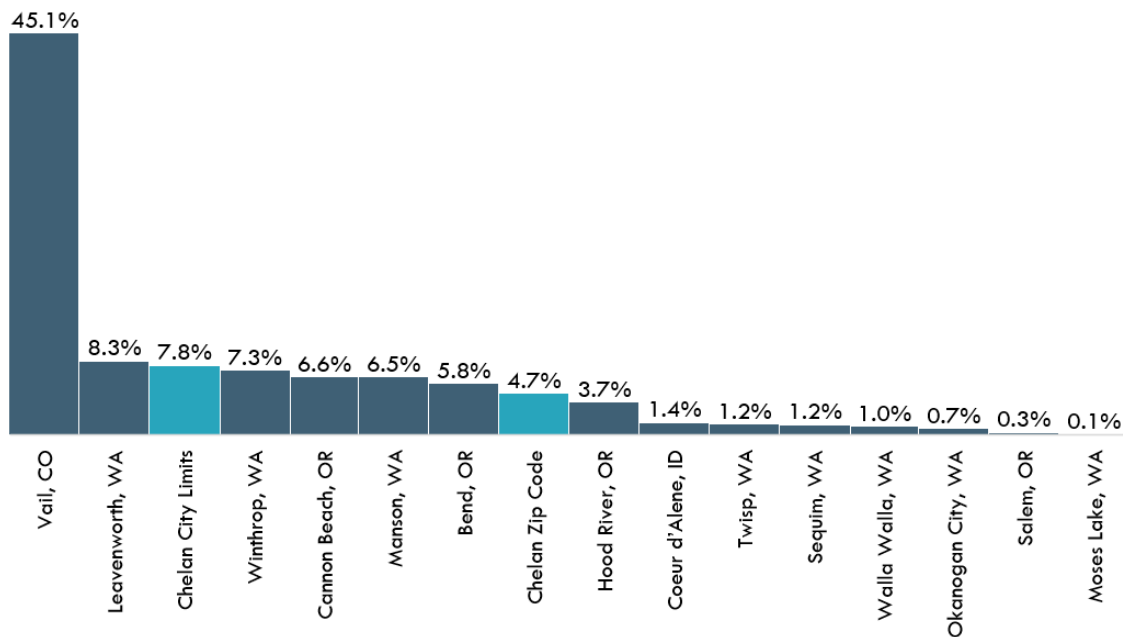
Share of Total Housing Stock

Notes: Airbnb peak month rentals

Source: Office of Financial Management, 2018; AirDNA, 2018; BERK, 2018.

The number of listings on Airbnb as a percentage of all housing units varies, with Chelan at 8%, greater than Bend and Cannon Beach and less than Leavenworth and Vail.

### Exhibit 33. Airbnb September 2018 Listings as a Percentage of Total Housing Units

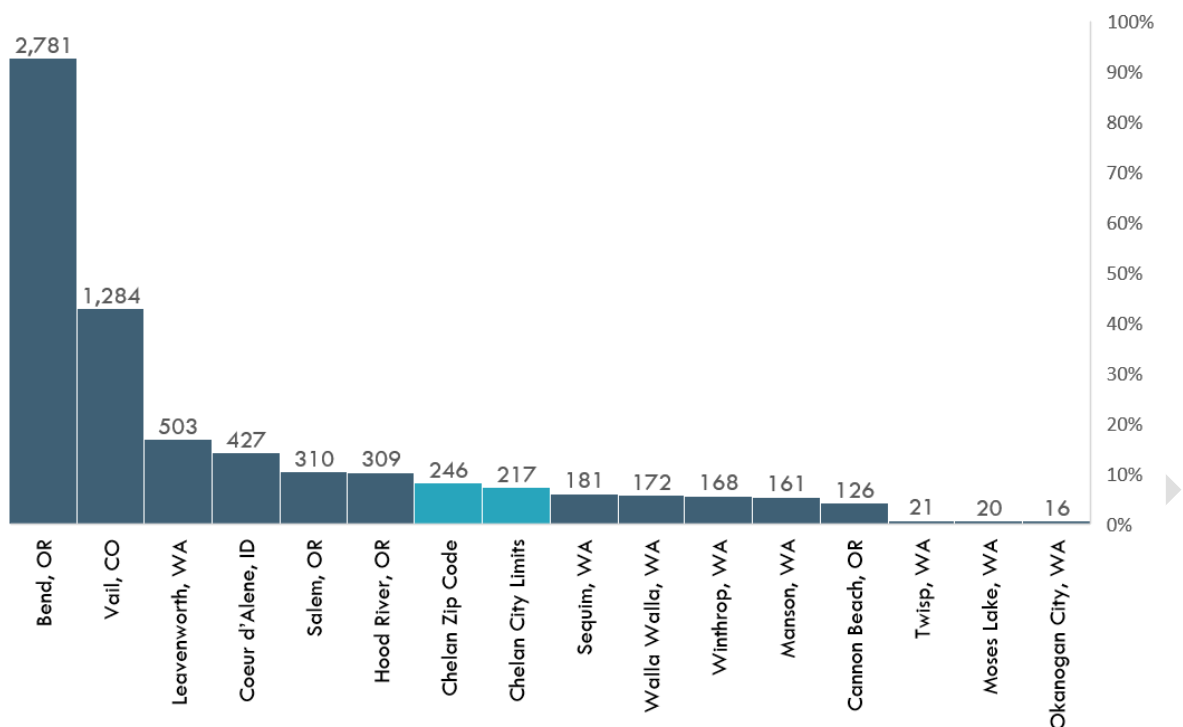


Note: AirDNA reports Airbnb listings based on market area, which for the jurisdictions report is based on zip codes. The estimate for the Chelan city limits is based on an approximation of mapped data.

Source: AirDNA 2018, BERK 2018

In terms of number of STRs, Bend Vail, Leavenworth, Coeur d'Alene, Salem, and Hood River have more than Chelan.

## Exhibit 34. Airbnb September 2018 Listings by Community



Note: AirDNA reports Airbnb listings based on market area, which for the jurisdictions report is based on zip codes. The estimate for the Chelan city limits is based on an approximation of mapped data.

Source: AirDNA 2018, BERK 2018

While this paper focuses on STRs in Chelan, it is important to note that Lower Lake Chelan has more total units. A Friends of Lake Chelan estimate identified a high number of 1,300 total, which is much higher than the combination of the Manson and Chelan zip codes per Airbnb and Exhibit 34, at over 400. In any case, it is likely that there is a higher demand on Chelan streets and in parks. This difference in year-round and summer peak population is illustrated in Exhibit 2.

### Why would people want to STR their home? How much can be earned?

The market for STRs in Chelan has been increasing rapidly, and properties are able to earn substantial revenues for property owners. A large majority of STR hosts rent multiple properties, with 82% having multiple listed properties. The STR revenue being earned in the Chelan market has increased from \$46,000 in 2015 to over \$4,700,000 for the last full year of data available, 2017, as shown in Exhibit 35.<sup>3</sup> The revenue collected through September 2018 has already exceeded 2017.

Based on the median STR earnings of homes listed on Airbnb, a full year of renting could earn up to \$37,000<sup>4</sup> per year.

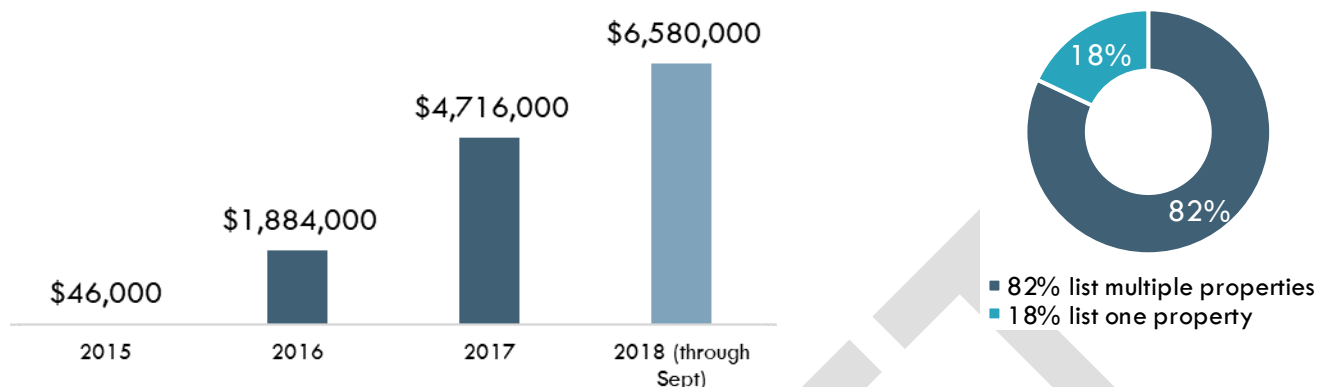
**A home in Chelan used as a short-term rental with median revenue could make \$37,000 per year.**  
**A private room could earn \$19,000 if listed for a year.**

<sup>3</sup> This amount reflects the median market area (zip code) earnings with adjustments it to city limits level of units.

<sup>4</sup> This amount is based on the market area (zip code) as adjustments to the city limits were not possible.

An estimated 82% of hosts rent out multiple properties in July 2018, dropping to 78% in September 2018.

**Exhibit 35. Total Short-term Rental Market Revenue in City of Chelan**



Note: This amount reflects the median market area (zip code) earnings with adjustments it to city limits level of units.

Source: AirDNA, 2018; BERK. 2018.

## WHAT ARE THE TRADEOFFS WITH SHORT-TERM RENTALS?

This section addresses:

- What's the relationship between the City's housing stock and STRs?
- Who may benefit or not from these STRs?

STRs offered on Airbnb in September 2018 equaled about 236 units, and of these 219 units are whole unit offerings and 18 a private room. See Exhibit 36. This number of units is about 9% of the city's 2,767 total housing units. The share of STRs as a percent of the city's housing stock has increased (see Exhibit 32).

Most units rented as STRs are entire homes rather than a single private room.

**Exhibit 36. Rental Type September 2018**

RENTAL TYPE	ZIP CODE TOTAL	CITY LIMITS ADJUSTED TOTAL
Entire Home	248	219
Private Room	20	18
<b>Total</b>	<b>268</b>	<b>236</b>

Note: Adjusting for units outside the city limits in the zip code the totals are off due to rounding.

Source: AirDNA, September 2018.

The STR time available is shown in Exhibit 37. About 43% of STRs are available to be booked full time.

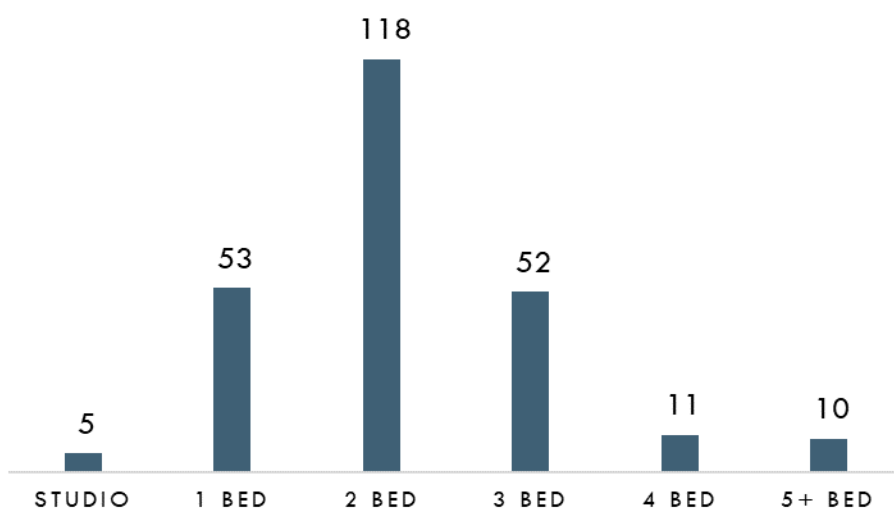
### Exhibit 37. Days Available for Rent September 2017 to September 2018 – Chelan Zip Code

RANGE OF AVAILABILITY	SEPTEMBER 2018
1-3 months	103 (32%)
4-6 months	77 (24%)
7-9 months	59 (19%)
10-12 months	78 (25%)

Source: AirDNA, September 2018.

The rental size shows that most STRs offered as entire homes in the zip code (248) have 2 or more bedrooms, and far fewer are studios or 1 bedrooms. See Exhibit 38.

### Exhibit 38. Bedrooms in Full Home Short-Term Rentals September 2018



Note: Excludes single rooms that are not part of a full home rental, which equal about 15.

Source: AirDNA, September 2018.

Based on the Airbnb data, offered STRs are larger. They may consist of single-family homes that were purchased as second homes; some may be condominiums.

Few studios (5) or single rooms (18) are being used as STRs which may indicate that few primary residents are using STRs to supplement their income. However, the large number of those renting their dwellings for 1-3 months may indicate that full or part-time residents may be using income to help pay for their home.

## REGULATION AND ENFORCEMENT OF STRS IN CHELAN

The City allows STRs in zones that accommodate tourist accommodations (hotel/motel, transient businesses, and accommodations) including:

- Tourist Accommodation (T-A)
- Downtown Mixed Use (DMU)
- Tourist Mixed Use (TMU)
- Waterfront Commercial (C-W)
- Highway Service Commercial (C-HS)
- The Lookout Planned Development<sup>5</sup>

The City has a full-time code enforcement officer who enforces City regulations, including ensuring STRs are located in the proper zones, e.g. in T-A, DMU, etc. Discussions with Casey Tjeerdsma, City Code Enforcement Officer on October 2, 2018, all STRs in the city limits have been located in proper zones. In 2017, letters were mailed with utility bills identifying the City's regulations, and about 30-35 homes in the R-L zone were used as STRs not in conformity with City regulations, but these were resolved through code enforcement. About 7 units were found to be in proper zones but without business licenses but were addressed through code enforcement.

It is difficult to track the location of STRs, but common platforms like Airbnb and VRBO are checked twice a week via web searches. Some professional photos are used multiple times for units in the same building even though they are different units. It is difficult to find out if they have business licenses as there are different categories (e.g. lodging, boat rentals). It is not clear who own units in some cases with no onsite management (e.g. Lake Chelan Shores). Code enforcement staff suggest that business license fees be moderate, and violations scaled to act as a deterrent. A self-certification checklist could also be useful in terms of meeting building, fire, and safety standards.

STRs in unincorporated UGA are not regulated by the County to match City requirements though there is an interlocal agreement.

## Regulatory Examples

This section addresses the following questions:

- What are regulatory best practices?
- How are other communities regulating STRs?
- What have been the effects of regulations?

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<sup>5</sup> Other types of accommodations include:

**Agricultural tourism** includes moderate and high intensity uses including home stay establishments consisting of temporary accommodations to visitors and tourists located on a working farm or other agricultural, horticultural or agribusiness operation that produces agricultural products as its primary source of income. Homestays are allowed as accessory uses in the Special Use District (SUD and Warehouse-Industrial Zone (W-I), and as a conditional use permit in the Residential Multifamily (R-M) zone.

**Bed and breakfasts** allow transient lodging, for compensation, by the renting of up to three rooms within the primary residence. They are allowed in the following zones: R-L; R-M; DMR; DSF C-HS; T-A; and SUD.

**Renting rooms** to a maximum number of boarders or lodgers. Renting of rooms is limited in these zones: R-L (2 boarders or lodgers) and R-M (5 boarders or lodgers). A transient boarding house is rented on a short-term basis up to 30 consecutive days.



## WHAT ARE SOME REGULATORY BEST PRACTICES?

The Sustainable Economies Law Center (March 2016) developed a guidebook for regulating short term rentals, recommending local governments:

- **Establish clear definitions:** Distinguish STRs from long-term rentals and qualities of STRs that differ from hotels, motels, boarding house, or bed and breakfast. Address whether the unit is the host's primary residence, and whether the unit is occupied during a guest's stay.
- **Require registration and recordkeeping:** The City should require proof of primary residence, particularly if limiting STRs to primary residences (recommended by the guidebook author). A city should require registration and registration renewal with fees and keep them low as possible (address administration costs and factor in addressing complaints and enforcement). The City may want to require hosts to keep records of guest names and contact information and revenue earned to assist with enforcement. A city should require the hosts to include the short-term rental registration number or permit number on all advertisements.
- **Establish protections for the supply and affordability of housing:** The guidebook notes that STRs can increase housing costs by removing from the market a room that could have gone to a long-term tenant, and by raising the cost for prevailing housing prices. A municipality can set caps on the number of allowed STRs per host, and the number of nights a short-term rental can be rented to guests. To prevent speculation, the guidebook recommends limiting STRs to the primary residence. The recommendations also include ordinance provisions to prevent people from buying or renting units with the primary goal of earning short-term rental income by requiring occupancy for a period of time prior to the unit being offered for short-term rental; this would also allow long-term residents the ability to earn an income from STRs to aid in their ability to afford their home. Some communities indicate that unit cannot be used as a short-term rental if it was subject to an eviction (to avoid evictions on the basis of creating a short-term rental unit).
- **Create protections for the wellbeing of guests:** The guidebook suggests that regulations provide for health and safety standards, inspections by fire and building officials or a self-checklist, and insurance carried by short-term rental hosts.
- **Establish oversight, complaint, and sanction procedures for the wellbeing of neighbors:** The guidebook suggests creating a process for filing complaints, and fines or other sanctions.
- **Preserve neighborhood quality:** Maintaining a neighborhood feeling with limitations on parties, managing parking, and establishing quiet hours.
- **Preserve public tax revenues and level the playing field between STRs and commercial hotels:** STRs should be charged a transit occupancy tax or hotel tax,<sup>6</sup> and the guidebook suggests directing

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<sup>6</sup> If not properly regulated, such as limiting how many short-term rentals can be operated, it can result in unregulated hotels essentially. Oregon's Restaurant and Lodging Association advocates for short-term rental regulations that require such properties to register through the local taxing authority, obtain a business license, have a process for inspections, and hold insurance. See ORLA article, March 1, 2018. Key Issue: Short-term Rentals. ORLA Advocacy: Leveling the Field on Short-term Rentals. Available: <https://www.oregonrla.org/blog/short-term-rentals>.

such revenue towards affordable housing,<sup>7</sup> as well as directing it for oversight and compliance. A third-party facilitator should collect and remit the tax.

These recommendations are illustrated in example regulations described below.

## HOW ARE OTHER COMMUNITIES REGULATING SHORT-TERM RENTALS?

Many jurisdictions have developed ordinances to regulate STRs addressing many of the best practices above. See Attachment A for a matrix of regulations from nine communities in Oregon, Idaho, Colorado, and Washington. Highlights include:

- Most communities have defined different levels of STRs regulating whole homes and room rentals differently by permit type and by zone.
- Many vary requirements based on whether the host lives in the home and how many days per year the unit is rented.
- A couple of communities have instituted limits on the numbers of STRs such as a citywide cap (Cannon Beach) or distance (Bend).
- Some limit the number of occupants.
- All address parking. Many address solid waste, noise, signage, and health and safety. Many require annual checklists for fire and safety, and acknowledgement of Good Neighbor Guidelines.
- Most require a local representative to live in proximity to the community.
- Some regulate STRs with land use permits; all have some kind of licenses with annual renewals. Most ordinances specify the state or local taxes that must be paid.
- Several require inspections at the time the STR application is approved, and many require regular inspections or self-checklists after that. Some only inspect upon complaint.

## WHAT UNIT TYPES ARE USED AS STRS

Most STRs consist of full single-family units. Some communities allow accessory dwelling units (ADUs), for use as STRs; often the owner is required to be in the main house or the ADU and typically both units cannot be rented at one time. Coeur D'Alene, ID, is an example of a community allowing ADUs to be used as an STR.

Many communities do not allow multifamily units to be used as STRs unless the unit owner offers permission; this prevents renters from renting the units on platforms without the owner's consent. Where there are limited options for unit rentals for year-round populations, STR regulations may be stricter.

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<sup>7</sup> Several communities collect or will collect fees that would be allocated in part to affordable housing, including Seattle in 2019: <http://americancityandcounty.com/finance/cities-impose-taxes-airbnb>. Seattle short-term rental fee in addition to business license: <http://www.seattle.gov/business-regulations/short-term-rentals>. Healdsburg, CA in the Napa Valley has established such a use of tax proceeds: <http://www.codepublishing.com/CA/Healdsburg/html/Healdsburg03/Healdsburg0312.html>.

## WHAT HAVE BEEN THE EFFECTS OF REGULATIONS?

Most STR ordinances have been implemented in only the last few years. The effect of STR regulations in larger communities has been reported in local media and are summarized below.

**Kirkland – a six-month review shows progress and more information needed:** About 25 of an estimated 300 STRs have been registered; an intern was hired to help find STRs and allow the City to inform unregistered units of the requirements. Limitations on STRs include having a primary resident occupy the unit for at least 245 days in the unit, and a two-part business license fee collection. Some improvements in the regulations for clarity have been recommended by staff. Some Council members would like more flexibility in the primary resident restriction.<sup>8</sup>

**Seattle – projected that units returned to year-round rental market:** Seattle's STR regulations went into place in December 2017. The immediate projected effect was to bring back 700 units that were off the market as STRs to regular year-round rentals, and to avoid the loss of 1,600 units to the STR market.<sup>9</sup>

**Portland – increase in ADU Rents due to share used as STRs:** Portland has found that while overall ADUs rent for the same or lower rents as apartments, because about 25% of the accessory dwelling units are used as STRs, this has increased rents.<sup>10</sup>

**San Francisco – enforcement resources increased; number of listing decreased; homes returned to rental market:** One year after passing San Francisco's ordinance, the City found compliance harder to achieve and required more enforcement.<sup>11</sup> However, it appears that the implementation of the ordinance has had an effect by reducing the numbers of STRs from over 10,000 to nearly 5,000: People who live in their home can rent out rooms short-term. Whole home rentals are restricted to 90 nights per year. Second home owners can only rent out their homes for a month or more at a time—making their properties available to the wider rental market. Renters must have landlord permission to rent out their units as STRs. High-volume STRs have dropped and have presumably been returned to the rental pool.<sup>12</sup>

**New Orleans – Allowing individuals or companies to host more than one STR unit has led to concerns of rents rising and displacement:** Multiple STRs in a building or unit aggregation across neighborhoods by STR companies keeps many units off the rental market, leading to suspected household displacement and rising prices. The City had issued \$270,000 in fines for noncompliance with regulations as of March 2018. Also, 3,000 STRs were removed as listings when they did not have licenses through the platform (e.g. Airbnb) or the City.

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<sup>8</sup> Info site:

[https://www.kirklandwa.gov/depart/Finance\\_and\\_Administration/doingbusiness/Business\\_Licenses/Short\\_Term\\_Rental.htm](https://www.kirklandwa.gov/depart/Finance_and_Administration/doingbusiness/Business_Licenses/Short_Term_Rental.htm);  
Staff Report 6-month Review:

[https://www.kirklandwa.gov/Assets/City+Council/Council+Packets/070318/10a\\_UnfinishedBusiness.pdf](https://www.kirklandwa.gov/Assets/City+Council/Council+Packets/070318/10a_UnfinishedBusiness.pdf).

<sup>9</sup> Seattle approach to bring back units from short-term rental to year-round market:

<https://www.bizjournals.com/seattle/news/2017/12/12/seattles-airbnb-limits-affordable-housing-rentals.html>.

<sup>10</sup> Portland ADUs and effect of short-term rentals is addressed in this article: <https://pamplinmedia.com/pt/9-news/399876-294987-adus-often-more-affordable-except-when-short-term-rentals->

<sup>11</sup> See staff report April 2016, one year after April 2015 law took effect:

<https://sfbos.org/sites/default/files/FileCenter/Documents/55575-BLA.ShortTermRentals%20040716.pdf>.

<sup>12</sup> See: <https://www.sfchronicle.com/business/article/SF-short-term-rentals-transformed-as-Airbnb-12617798.php>.

# Legal Framework

This section addresses permit and funding aspects of STR regulations.

## What health and safety standards should the city impose?

The City could require compliance with building and fire codes, with an inspection up front and self-reporting with annual licenses; this is a common approach among the jurisdictions reviewed.

## What taxing authority or revenue streams through fee structures can the City impose on short-term rentals or vacation housing?

The City can charge a business license and require annual renewal. A basic business license/registration program helps the City record the types of businesses operating in the city, their location and contact information in the event a citizen or a city department has a problem with a business, and to help ensure compliance with city ordinances (e.g., zoning requirements).

The City can establish a STR regulatory license and require an annual renewal. A regulatory license may be established to require additional regulation and oversight for code enforcement or public safety purposes for uses, such as live entertainment, fireworks stands, taxicabs, and STRs.<sup>13</sup>

The City may also charge a land use permit fee (e.g. Conditional Use Permit) to establish the use in some zones. Example jurisdictions appear to require one annual license and either a regulatory permit or land use permit.

See Attachment A for the range of fees charged by other jurisdictions. License fees range from \$150-\$285, and renewals from \$50-\$200. Those charging land use fees range from \$150 to \$2,000. Land use fees are not as common as regulatory licenses or business licenses.

## What level of funding could be raised?

Depending on the future code proposals, and the inventory of STRs, the City could earn \$33,000 to \$64,000 annually from regulatory and business licenses. There could also be one-time fees for the first-year permit of about \$61,000 to \$92,000. See Exhibit 39.

The analysis assumes a consistent business license of \$50 per year per business entity, that does not vary by number of STRs. A specialty regulatory license would be applied per unit and vary with a greater fee for the first year, assuming more staff review and inspections, and a lesser fee for annual renewal. Initial regulatory licenses are presented in a range of \$200 to \$300 and annual renewals at \$100 to \$200 per year. These ranges are consistent with ranges illustrated in Attachment A.

**Exhibit 39. Potential STR Fees**

TYPE	2018	HIGH	MED	LOW
Potential Fees				
Business License	\$50.00	\$50.00	\$50.00	\$50.00
Regulatory License: Initial		\$300.00	\$250.00	\$200.00
Regulatory License: Annual Renewal		\$200.00	\$150.00	\$100.00

<sup>13</sup> See: <http://mrsc.org/Home/Explore-Topics/Finance/Revenues/City-Business-Licenses-and-Fees.aspx>.

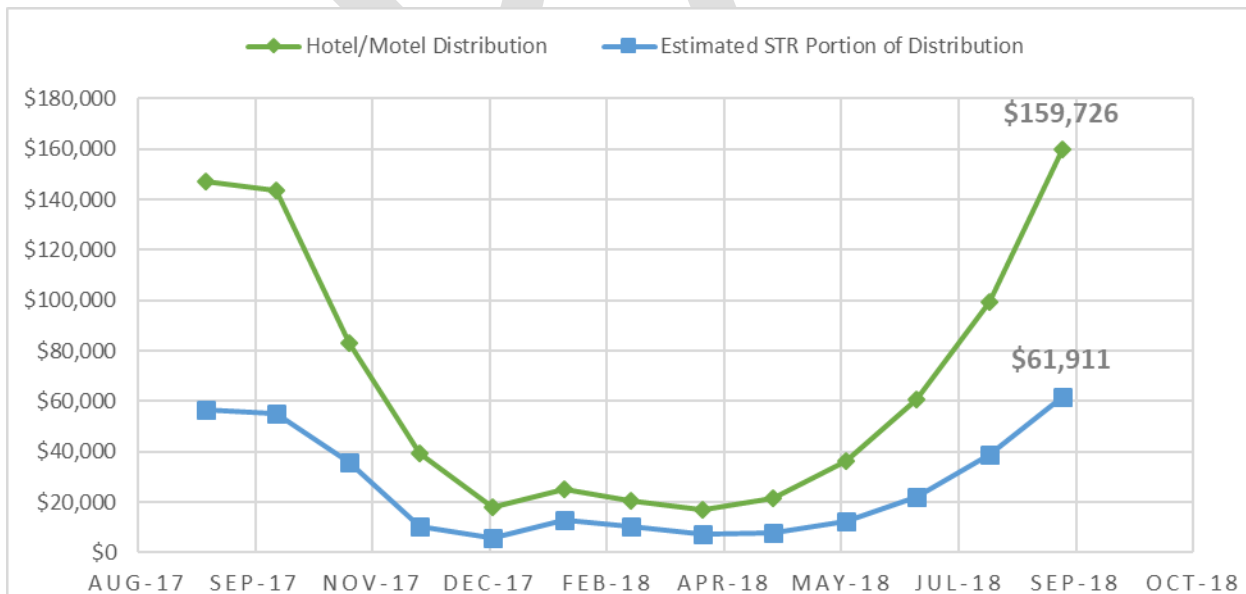
TYPE	2018	HIGH	MED	LOW
<b>Business License Collection</b>				
2018 (approximately 32 entities)	\$1,600			
Growth 2022 (adding up to 16 entities)		\$788	\$788	\$788
Sum 2018 & 2022		\$2,388	\$2,388	\$2,388
<b>Regulatory License Collection</b>				
First Permit: 2018 (306 units)		\$91,800	\$76,500	\$61,200
Growth 2022: First Permit (16 units)		\$4,728	\$3,940	\$3,152
Annual Permit: After 2018 (306 units)		\$61,200	\$45,900	\$30,600
Growth 2022: Annual Permit (16 units)		\$3,152	\$2,364	\$1,576
<b>Sum</b>				
Sum of Annual Fees 2018 and 2022		\$63,588	\$48,288	\$32,988
Sum of Onetime Fees 2018 and 2022		\$96,528	\$80,440	\$64,352

Note: This analysis assumes there are 306 STRs per City information as of summer 2018. If total housing units grow at about 0.95% annually consistent with 2010-2018 trends, around 143 dwellings would be constructed. Applying the percentage of units that are STRs today (306 divided by 2,767 units = 11.1%), about 16 STRs would be added by 2022. It also applies the current Chelan business license at \$50 per year. At this time the City appears to be tracking 32 business or private entities offering STRs, and many of the STRs are managed by companies. The City does not charge business licenses for each individual unit.

Source: BERK, 2018

In addition, the City could collect hotel/motel tax revenue. See Exhibit 40. The hotel/motel rate is assumed at 3%<sup>14</sup> on the value of transaction. To date, STR contributions to Hotel/Motel tax revenue varies from about 27% to 52% of the total Hotel/Motel revenue.

#### Exhibit 40. Potential Hotel/Motel Tax Revenue Distribution



Source: BERK, 2018

<sup>14</sup> See: [https://dor.wa.gov/sites/default/files/legacy/Docs/forms/Excstx/Lodging/LodgingFlyer\\_18\\_Q3.pdf](https://dor.wa.gov/sites/default/files/legacy/Docs/forms/Excstx/Lodging/LodgingFlyer_18_Q3.pdf).

Revenues could increase if more units are established as STRs each year. If assuming AirDNA's 50<sup>th</sup> percentile monthly rental revenue for September 2018 at \$3,274, the tax would be about \$98 per month per STR, or nearly \$12,000 per year. New revenue will depend on how many existing units convert to STR use as well as new units.

### What is the City allowed to spend funds raised on? May the City impose an affordable housing fee on STRs? May the City impose high fees or penalties for violations?

Generally, communities establish regulatory and business license fees to cover the cost of application review, inspections, and code enforcement as well as other program elements.

In California, some cities have identified a share of their lodging tax for affordable housing programs (e.g. Redwood City, Healdsburg).

In Washington, there is a narrow use of lodging taxes for affordable housing, not applicable in Chelan – a portion of lodging taxes may be used to repay general obligation bonds or revenue bonds for affordable workforce housing within a half-mile of a transit station.<sup>15</sup>

Seattle passed a STR tax of \$14 per home and \$8 per room per night to address affordable housing as well as to create a more level playing field for taxes applied to hotels/motels and STRs given taxes were not applied to hotels/motels under 60 units. However, the City of Seattle repealed it based on 2018 legislation in HB 2015, which allowed the King County Public Facilities District to collect the fees and create the parity of taxes between hotels/motels and STRs.<sup>16</sup> The King County Public Facilities District plans to pass through the fees to the City.

MRSC legal consultant, Paul Sullivan, suggests that there is no statutory authority presently to impose a fee on STRs to help pay for affordable housing (e.g. cover the cost for water or sewer connections, GMA impact fees....or to help construct housing or purchase land).<sup>17</sup>

Many ordinances link to their common zoning or business license enforcement and violation procedures and some establish specific enforcement and violation procedures and fees with their regulatory licenses.

## Stakeholder Input

On November 7, 2018, the City invited representatives of STR management companies and individual STR proprietors to a meeting to discuss STR conditions and regulatory approaches in Chelan. See Attachment C for summary notes. Key ideas included:

- Fairness: STRs should be regulated and pay similar taxes as hotel and motel units.
- Balance: Balance regulations of STRs with costs of time and money to enforce.
- Health and Safety: Regulation is needed to ensure health and safety. Self-certification and consideration of STR insurance could streamline enforcement. Requiring a local contact and unique permit identifiers would also be helpful.

<sup>15</sup> See: <http://mrsc.org/Home/Explore-Topics/Finance/Revenues/Lodging-Tax.aspx>.

<sup>16</sup> See: <https://sccinsight.com/2018/05/28/the-city-is-poised-to-repeal-a-tax-but-not-really/>.

<sup>17</sup> Pers com, Paul Sullivan, Legal Consultant, MRSC, email to Craig Gildroy, February 9, 2018.

- Where allowed: Most zones where STRs are allowed now make sense.
- Economy: STRs are part of the sharing economy, support Chelan's tourist-based economy, and support homeowners who can use income to help afford their home.
- Affordability: Consider how STRs affect housing affordability and availability. STRs can take rentals off market for year-round residents. Many STRs are used exclusively for rentals for less than 30 days; some STRs are used for 30 days or less in summer time and serve as long-term rentals during fall/winter/spring and serve teachers, contractors, etc. Regulation can help ensure proper location and management of units.
- Housing Affordability and Local Revenue: Work with the state legislature to allow some share of hotel/motel tax to be used for local purposes such as to support affordable housing efforts.

## Recommendations

### POLICIES AND CODE

Following staff review of the Draft Situation Assessment, BERK will prepare draft policies and regulations. We recommend the following general approach:

- **Purpose and Guiding Principles**
  - Regulate STRs in a manner that:
    - Protects year-round residents' enjoyment of their homes and neighborhoods.
    - Benefits residents and the community by supporting homeownership costs and the city's tax base.
    - Addresses housing affordability concerns and avoids unduly constraining the availability of housing for year-round residents.
    - Fully recovers the cost of code implementation and enforcement.
    - Ensures fairness in the regulation of STRs similar to other forms of allowed lodging.
- **Locations:**
  - Continue to allow STRs in zones allowing accommodations and transient businesses.
  - Limit STRs in residential zones meant for year-round living. If allowing STRs in such locations, limit its use to a room rather than a whole house rental or limit the number of days per year a STR is allowed to be offered.
- **Types:**
  - Treat owner-occupied STR more flexibly than if renting an entire house. Owner must live in main house or accessory dwelling unit.
  - If renting an entire house, limit to selected zones and potentially consider two levels of review:
    - homes offered less than 90 days per year (allow in some areas with year-round residents) and



- homes offered more than 90 days per year (in tourist or commercial zones).
- **Registration:**
  - Require both a regulatory license and a business license with annual renewals. In some zones conditional use permits may be required.
  - Require hosts to keep records of guest names and contact information and revenue earned to assist with enforcement.
  - Require hosts to include the short-term rental registration number or permit number on all advertisements.
- **Protections for the supply and affordability of housing:**
  - Continue to limit zones where allowed. Monitor allowed STRs per host, and the number of nights a short-term rental can be rented to guests.
- **Protections for the wellbeing of guests:**
  - Require compliance with health and safety standards. This could inspections by fire and building officials with the first STR registration, followed by a self-checklist with license renewals.
  - Require insurance carried by short-term rental hosts.
- **Preserve neighborhood quality:** Limit parties, require parking, and establish quiet hours. Consider requiring Good Neighbor Guidelines be followed at time of licensing. Considering requiring that the single-family look and character be retained.
- **Enforcement:**
  - Enforce by complaints and impose fines or other sanctions. Violation fees should be higher than application fees and may ramp up if compliance is delayed.
- **Preserve public tax revenues and level the playing field between STRs and commercial hotels:** Charge the hotel-motel tax and sales tax (local and state). Require platforms such as Airbnb to collect and remit the tax to the Department of Revenue.



## Attachment A: Example Jurisdictions

DRAFT

Short-Term Rentals Matrix of Example Regulations

	<a href="#">Bend, OR</a>	<a href="#">Cannon Beach, OR</a>	<a href="#">Chelan City, WA</a>	<a href="#">Coeur d’Alene, ID</a>	<a href="#">Leavenworth, WA</a>	<a href="#">Manson, WA</a>	<a href="#">Okanogan Co, WA</a>	<a href="#">Salem, OR</a>	<a href="#">Vail, CO</a>	<a href="#">Walla Walla, WA</a>
Classification	<ul style="list-style-type: none"><li>▪ Exempt: Resort zones</li><li>▪ Type I: Admin., No Comment Period. Owner occupied STR or infrequent use &lt;30 days in 4 periods</li><li>▪ Type II: Admin., Notice with Comment Period, Whole House</li><li>▪ Type III: Notice + Hearing: Group property designation</li></ul>	Three categories of STRs. <ul style="list-style-type: none"><li>▪ lifetime unlimited permits (rent the property any and all days of the year)</li><li>▪ five-year unlimited permits (same as above but expires in 5 years)</li><li>▪ fourteen-day permits (rent the property to one tenancy group once in a fourteen-day period)</li></ul>	The City allows STRs in zones that accommodate tourist accommodations (hotel/motel, transient businesses, and accommodations). Other uses are regulated differently. See attachment b for definition.	Owner-Occupied: Can use ADU for STR. Owner must occupy one or the other and cannot rent both.  Duplex and multifamily housing. Where an owner owns more than one unit, only one unit may be used as a STR.  Can rent whole unit or one room, but not multiple rooms to different guests.	“Bed and breakfast” means an activity whereby the property owners allow visitors in their homes, up to three rooms for compensation, for periods of 30 consecutive days or less, while at the property, owner lives on site, in the dwelling unit, throughout the visitors’ stay.  Detached units with rooms are allowed. Accessory dwelling units may be allowed to be a part of the bed and breakfast.	One type – rented for less than thirty consecutive days.	There is a nightly rental permit for zones where such are permitted outright and CUP for zones where conditionally permitted. If a nightly rental is in a planned development and nightly rentals are an allowed use, they are permit exempt.  Nightly rentals may not occur in mobile homes or RVs (modular homes are permitted).  There is an amortization period for units that do not comply with rules.	<ul style="list-style-type: none"><li>▪ Accessory short-term rental license: Single-family, two-family, condo, guest house. 3 or less guestrooms (hosted rental); entire home (non-hosted rental - max. 95 calendar year days). Applicant lives in home.</li><li>▪ Short-term rental license: Single-family or condo unit. Exceeding Accessory rooms or days or applicant does not live in home.</li></ul>	One Type: A residential dwelling unit, or any room therein, available for lease for a term of less than thirty (30) consecutive days.	Short-term rental type 1 = owner’s principal residence and where either (1) rooms are rented and the owner is personally present at the dwelling during the rental period, or (2) the entire dwelling is rented for no more than ninety total days in a calendar year.  Short-term rental type 2 = a dwelling that is not the owner’s principal residence.
Permitted Zones	<ul style="list-style-type: none"><li>▪ Mt Bachelor Village, Deschutes Landing, Courtyards at Broken Top: Exempt</li><li>▪ Commercial, Mixed Employment Mixed Use: Type 1</li><li>▪ Residential: Type II</li></ul>	Residential zones and Manufactured Dwelling Park/RV Park.	<ul style="list-style-type: none"><li>▪ Tourist Accommodation (T-A)</li><li>▪ Downtown Mixed Use (DMU)</li><li>▪ Tourist Mixed Use (TMU)</li><li>▪ Waterfront Commercial (C-W)</li><li>▪ Highway Service Commercial (C-HS)</li><li>▪ The Lookout Planned Development</li></ul>	Permitted as of right in all residential and commercial zones and Mobile Home zone.	Residential Low Density and Multifamily Districts: CUP.	Permitted in Residential zones.  Accessory use in Commercial zones.	Permitted outright in some rural and resource zones, CUP in Urban Residential and Neighborhood Use zones, and Planned Development in Methow and other Rural Residential zones.	Accessory: Single family and selected mixed use and capital mall area.  Short-term: Single-family exceeding accessory standards (CUP), multifamily, commercial, industrial.	Not specified.	Only type 1 STRs are allowed within Walla Walla city limits, and no other STRs are permitted.  Type 2 only those grandfathered prior to 2017 ordinance.  Cannot be in RV.
Limitations-Number	250 feet of separation between properties zoned Residential	Total of 92 lifetime or five-year unlimited permits at any one time; add name to roster, random selection when permit is available.	Not stated	Not stated	Not stated	Not specified	Only one dwelling may be rented per owner in Methow Valley More Completely Planned Area.	Not specified	Not specified	Not specified
Occupancy Limits	Maximum occupancy - 2 persons per bedroom plus 2 additional persons. For owner-occupied STRs, 2 persons per rented bedroom, in addition to residents of the dwelling.	6 per 1 or 2 bedrooms, 8 for 3 bedrooms, 10 per 4 bedrooms, 12 for 5 bedrooms.	None stated. Meet building code. Conditional use permits granted shall specify the number of rooms available for rental by the owner.	Max. overnight guests cannot exceed the definition of “family” (1+ related, or 4 unrelated, or 8 unrelated religious, handicapped, or elderly).	Two people for each bedroom, excluding children under the age of six.	2 for each bedroom plus 2 additional persons, excluding those under age of six.  Above Age 6: 1-4 persons bedrooms: 10; 5-6 bedrooms: 14. May not have > 7 rooms.	The maximum number of individuals served by a nightly rental is 10.	Numbers below exclude age under 12 years. Meet building code. Hosted: Maximum 2 guests per guest room. Unhosted: Max. 2 guests per room and no more than 10 guests total.	Not specified.	Not specified.
Parking Stalls	One per bedroom  Owner occupied, 2 for owner plus 1 per STR	2 off-street spaces for 1 or 2 bedrooms, 3 for 3 bedrooms, 4 for 4 or 5 bedrooms	A minimum of three parking stalls shall be provided.  Driveways more than 100 feet in length must	Use off-street parking to extent possible. ADU must have one space + residence parking.	One off-street space for each room rented. All parking must be accommodated on site and not in required yards.	Provide at least one off-street parking space, outside of the required setbacks for each two rented	Not specified.	Minimum of one space per guestroom or suite.	Parked in designated parking areas, and parking is prohibited in any landscaped area.	One additional off-street parking space is required of STRs.

	<a href="#">Bend, OR</a>	<a href="#">Cannon Beach, OR</a>	<a href="#">Chelan City, WA</a>	<a href="#">Coeur d'Alene, ID</a>	<a href="#">Leavenworth, WA</a>	<a href="#">Manson, WA</a>	<a href="#">Okanogan Co, WA</a>	<a href="#">Salem, OR</a>	<a href="#">Vail, CO</a>	<a href="#">Walla Walla, WA</a>
			be at least 12 feet wide.			bedrooms. Beyond 2 required for home.				
Solid Waste, Noise, Signage, Fire, Building	Good Neighbor Guidelines Fire and Emergency Safety Checklist Post License	Weekly solid waste collection service shall be provided.	Meet all applicable health, fire safety and building codes and shall be operated to not give the appearance of being a business.  The hearing examiner may impose other conditions, such as additional parking, improved access, landscaping, or screening.	No outdoor storage. No exterior sign. Trash must not be visible from public view and must be in proper containers on collection day. Neat and sanitary condition per health and safety codes.	Written management plan with management structure, information related to emergency exit routes, 24/7 contact information, required guest rules and regulations, including for litter control, quiet hours, parking, and proposed methods to enforce occupancy limitations and other requirements.  Annual Building, Fire & Life Safety Occupancy Permit Application.	Providing year around solid waste receptacles and pickup service. Trash cans should be removed within 24 hours of pickup.  Conform with noise ordinance.  Sign adjacent to front door – with occupancy limit and name of local contact.  Annual Fire & Life Safety Permit through the Chelan County Fire Marshal.	Need public health permit.  Signage limited to one 2 sq. ft. with natural wood and indirect lighting.  Occupancy and operation ... shall be ... compatible with the surrounding neighborhood character. Factors upon which compatibility will be judged include but are not limited to noise, traffic, light, and glare.	Conform to housing code. Must have liability insurance.	Smoke detectors, carbon monoxide detectors and fire extinguishers. Sufficient number of trash receptacles. Operable plumbing. Post a sign conspicuously inside with local agent, owner contact, street address, and license number.  Good Neighbor Guidelines.	Good Neighbor Guidelines  Functioning carbon monoxide detectors and smoke detectors, Functioning fire extinguisher(s)
Local Representative Location  (24 hours a day / 7 day a week)	Authorized representative must have read short-term rental regulations, as well as owner (if different). No distance stated.	Must designate one who permanently resides in city or is within 10 miles of urban growth boundary.	Owner must live on-site throughout visitor stay.	Respond at any time within 60 minutes. Must be at least 21 years old.	Owner must live on-site throughout visitor stay.	A local contact person (within a forty-mile radius) to respond at any time.	Not applicable.	Must be operator or licensed property management company in Salem/Keizer Urban Growth Boundary.	Appoint a natural person who remains within a sixty (60) minute distance. If the owner lives within that distance they may self-designate as the local contact.	If the unit is not an owner occupied short-term rental, then a local contact must be and must be within twenty-five miles of the Walla Walla city limits.
Permits and Licenses	Land Use Permit: ▪ Type 1: \$699.92 Type 2: \$1,947.92  Notice to Neighbors  License: \$275 Annual renewal: \$200	Transient rental permit, business license  \$200 for the initial application and \$75 annually thereafter	CUP \$500  Presume business license applies if income is over \$1,000.	Application Fee:  ▪ Short-Term Rental Permit Fees:  ▪ First year - \$285  ▪ Annual renewals thereafter - \$96	Obtain a City business license and separate annual permits	Limited administrative review application per CCC 14.10.020.  <a href="#">Fees for Annual Vacation Permit: \$100.00.</a>	A nightly rental permit, or conditional use permit for a nightly rental  \$90 for nightly rental permit  \$700 for CUP  \$?? Okanogan County Public Health Overnight Transient Accommodation Permit	CUP for STRs in single-family zones: \$2,890.00  License in all other cases: \$180.00 license fee, same at renewal	Rental License, plus Self-Compliance Affidavit  Local Agent Authorization  Sign Good Neighbor Guidelines  Application Fee: \$150	Short-term rental permit \$150, required annually  Additional license fee: \$50
Taxes	Renting > 30 days: Transient Room Tax at time rent paid	Subject to Transient Room Tax	Not stated.	Not stated	Short-term rentals are subject to lodging taxes	Not stated.	Provide a valid Washington State unified business identifier (UBI) number for taxation purposes	Transient occupancy tax monthly	Collect and remit Town sales and lodging taxes on each short- term rental property.  Monthly or quarterly Tax collected for Town, County, State, Marketing District – Total 9.8%	Lodging tax payments to the Washington State Department of Revenue
Inspections	At permit, and per prescribed schedule	At permit, and any time after with notice	Not stated	Self-inspection checklist required with permit and renewals	Prior to operations. Thereafter with property owner certifying Annual Building, Fire & Life Safety Occupancy Permit Application.	Not stated	Not stated	Guest registry must be available for inspection upon requested	If there's a complaint	Annual inspection

## Attachment B: Definitions

From Comprehensive Plan Glossary and Existing Conditions Report and Title 19 Definition amendments developed with TA 2018-03.

**Accessory dwellings units (ADU):** means a subordinate dwelling unit to a primary structure on a zoning lot. Accessory dwelling units may not be subdivided or otherwise segregated in ownership from the primary residence or structure and may not be rented for a period of less than one month at a time.

- AADU – attached accessory dwelling unit, sharing a common wall, common ceiling/ floor, or under a common roofline.
- DADU – a free standing accessory dwelling unit not sharing a common wall or ceiling to the primary structure.

**Boarding home/house:** A type of single family dwelling in which no more than eight people or small family units unrelated to one-another and/or other boarders are housed and each pay an individual rent for their unit. Each individual or family unit has a private bedroom but shares with other residents a common dining room, cooking, recreational room, or other facilities. Units may or may not have private baths. Meals and low level of caregiving may be provided by the owner or manager or agency of record.

- Boarding house, transient: a dwelling meeting the above definition where rooms are rented on a short-term basis up to 30 consecutive days.
- Boarding house, non-transient: a dwelling meeting the above definitions where rooms are rented on a long-term basis over 30 consecutive days.

**Dwelling Unit:** One (1) or more rooms in a dwelling, designed, occupied or intended for occupancy as separate living quarters, with an individual entrance, cooking, sleeping and sanitary facilities.

**Household:** a household includes all the persons who occupy a group of rooms or a single room which constitutes a housing unit.

**Multi-Family Housing:** as used in this plan, multi-family housing is any structure which is designed to accommodate three or more separate households or dwelling units.

**Owner:** any person or entity, including a cooperative or a public housing authority (PHA), having the legal rights to sell, lease, or sublease any form of real property.

**Second homes** are houses that are the secondary residences of people who do not reside in Chelan. Second houses may be used for a few weeks of the year by the owners and vacant the rest of the year or they may be used as a short-term rental. For purposes here, housing that is used primarily by the owner and appears vacant the rest of the year is classified as a second house.

**Short-Term Rental:** residential units, or portions of residential dwelling units, that are rented out on a nightly basis for not more than 30 days to individual guests. They are commonly referred to as vacation rentals. They are a form of tourist or transient accommodations. Short-term rental units may be whole house rentals, apartments, condominiums, or individual rooms in homes. For the purpose administration and enforcement of this ordinance, the terms “overnight rental”, “nightly rental”, and “vacation rental”

are interchangeable with short-term rentals. Subleasing or subletting of units for short term rental is prohibited if the underlying zone prohibits such use.

**Seasonal Housing:** These include units for recreational, periodic, or occasional use.

**Single-Family Housing:** as used in this plan, a single-family unit is a detached housing unit designed for occupancy by not more than one household. This definition does not include manufactured housing, which is treated as a separate category.

DRAFT

# Attachment C: Chelan Short-Term Rentals Stakeholder Meeting

Meeting Date: November 7, 2018 10 am – 12 pm | Summary Preparation: November 19, 2018

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## Introduction

On November 7, 2018, the City held a meeting with stakeholders about the regulation of short-term rentals (STRs). Those in attendance included:

- Mike Cooney, Mayor
- Ray Dobbs, City Councilmember
- Joe Collins, Chelan Planning Commissioner
- Rachel Goldie, Planning Commissioner
- John Olson, Resident, Friends of Lake Chelan
- Daniel McCrary, Vacasa
- Lee Reynolds, owner of multiple STRs, City of Chelan Public Works employee
- Kristi Wellman, Sage Rentals
- Craig Gildroy, Planning Director
- Joey Meisenheimer, Associate Planner
- Casey Tjeerdsma, Code Compliance Officer

Craig Gildroy welcomed participants and introduction to the topic. Lisa Grueter, Principal, and Bryce Anderson, Project Associate, of BERK Consulting facilitated the discussion.

A discussion guide and situation assessment were provided to the group a week ahead of the meeting. Based on the discussion, some information was updated. The updated situation assessment and discussion guide were provided to the City Council for a November 27, 2018 and are available at this link: <https://cityofchelan.civicweb.net/Portal/MeetingTypeList.aspx>.

Questions for the stakeholder group included:

- The code outline identifies purposes and guiding principles – do these resonate with you? What should be added or changed?
  - Draft purposes and guiding principles – Regulate STRs in a manner that:
    - Protects year-round residents' enjoyment of their homes and neighborhoods.
    - Benefits residents and the community by supporting homeownership costs and the city's tax base.
    - Addresses housing affordability concerns and avoids unduly constraining the availability of housing for year-round residents.
    - Fully recovers the cost of code implementation and enforcement.
- What challenges and benefits have you seen with STRs?
- Current regulations limit locations where STRs can operate – should this approach be retained?
- Should some allowance for STRs in other zones be provided if the days allowed per year and property owner residency can be managed?
- Reviewing the code outline, pages 4-6, what suggestions or advice do you have?

# Summary of Discussion

## STRS IN CHELAN

- There is a broader impact to the City of Chelan with the use of STRs across Lower Lake Chelan in Manson and the south shore. Friends of Lake Chelan have estimated 1,300 STRs in the Lower Lake Chelan area, which may be a little high. Nevertheless, there are concerns from residents about impacts to traffic, noise, parks, and urban services used.
- One STR operator commented that they rent as an STR in the summer peak but do a long-term nine-month rental during the school year. Thus, the unit is not necessarily off market for long-term rental.
- There are many STRs in the Urban Growth Area, e.g. south shore. The County should enforce City rules, but the County has a long backlog of code enforcement issues.
- Show counts of STRs and not just percentages. Reviewing the chart, it is likely the percentages are high (STRs in zip codes compared to city limits for other cities; Chelan percentages are accurate). BERK will add comparison STR unit counts for other cities and correct percentages for areas where counts are based on zip codes.

## PURPOSES AND GUIDING PRINCIPLES

- Add to the list of purposes (see page 1) the concept of “fairness” where the same rules are applied to STRs as for other accommodations.

## CHALLENGES

- Health/Safety for renters/tenants. Is the building up to code for various issues?
  - Registration number/ Local contact is a strategy being used by some. Currently STRs
- # of STRs and time to respond to/track.
- Homeowners Association enforcement? Need copy of covenant.
- STR operators and management companies like Vacasa have a business license and must obtain insurance. They have to maintain insurance with good coverage, which would essentially fulfill inspection needs. Could be a form of self-inspection. Proof of insurance – find out what it covers.
- Not a long-term solution; it is labor intensive to track and manage STRs.
- Self -inspection fees, want to keep that fair for hotels/motels/STRs.
- May affect affordability and availability of housing for residents.

## BENEFITS/OPPORTUNITIES

- Homeowner's income. Some have to work 2 jobs to afford.
- Non-year-round residents have a place to live before returning somewhere else (teachers, contractors, etc.).
- Avoids underused properties.

- Supports tourist-based economy.
- Property values increase.
- Sharing economy/business opportunities, gives more people options for income and travel/living arrangements.

## LOCATIONS WHERE ALLOWED

- Current zones where allowed:
  - Tourist Accommodation (T-A)
  - Downtown Mixed Use (DMU)
  - Tourist Mixed Use (TMU)
  - Waterfront Commercial (C-W)
  - Highway Service Commercial (C-HS)
  - The Lookout Planned Development?
- Review and address STRs in boat slips.
- For those wanting a STR to help afford an expensive home, they should buy in right zone.
- If allowing more broadly in other zones it could mess with balance of affordability.
- Should ADUs be allowed for use as STR? (Currently not allowed in Chelan) Jurisdictions that do allow that tend to require the owner to live in one unit or the other.
- Examples to consider: See CC&Rs of Sun Cove in Orondo which limits the number of units offered as STRs in a private development (should scale as development grows though). CC&Rs difficult to enforce (e.g. Black Cap Farm).
- See Coeur D'Alene, Idaho for similar community regulations (See Attachment).

## SUGGESTIONS/ADVICE/ADDITIONAL CONSIDERATIONS

- Tracking/Enforcement & Revenue. How can Chelan balance regulations of STRs with costs of time and money to enforce? Right now, many STRs that are not allowed tell city they're friends or family, and not operating as a business.
- Ensure Enforcement by higher violation penalties. How to collect violations and attorney's fees?
- Same rules emphasis/Definitions (Hotel/Motel/STR/BNB).
- Affordable Housing. How are hotel/motel taxes being used from the 2% and 3% funds now?
- Cities/towns' Legislative Asks. Mayor is talking with other communities about state action.
- Sage Rentals is part of a County Study Group on STRs. See example life-safety form (Attachment). Contact study group for more information. The Study Group works with the Sheriff. They provide contact persons for emergency responses. Better to work together.



## Life Safety Form Example

**Chelan County Life and Safety Self Inspection Form  
for Long Term and Short Term Rentals**

Property Owner: \_\_\_\_\_

Parcel Number (APN): \_\_\_\_\_

Parcel Address: \_\_\_\_\_

City/Zip: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Local Contact (Responsible Person or PM Company)(must be available to the property within 60 minutes).  
City/State/Zip: \_\_\_\_\_

Phone: \_\_\_\_\_ E-mail: \_\_\_\_\_

Life and Safety Inspection Form Fee: \$25 for each rental property(STR & LTR)

Form must be submitted for every rental property by January 31 of each calendar year.

**NOTE: All permits expire January 31 of the following year.**

**Smoke Alarms:**

\_\_\_\_ There is one smoke alarm on each level of the house.

\_\_\_\_ There is a smoke alarm outside of each sleeping area.

\_\_\_\_ Smoke alarms have new batteries replaced (once a year) unless hard wired in.

**Bedrooms:**

\_\_\_\_ Bedrooms have egress windows.

\_\_\_\_ Each room has 2 ways out.

**Carbon Monoxide Alarms:**

\_\_\_\_ Carbon Monoxide alarms are on each level of the house

\_\_\_\_ Carbon Monoxide have new batteries replaced (once a year) unless hard wired in.

**Fire Extinguishers:**

\_\_\_\_ One Fire Extinguisher per floor or level

\_\_\_\_ All fire extinguishers are visible and accessible (not blocked)

\_\_\_\_ Fire Extinguishers pressure is in the green and up to date.

# Discussion Guide

## Chelan Short-Term Rentals Code

**Draft** November 2018

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### What are Short-Term Rentals (STRs)?

STRs are residential units, or portions of residential dwelling units, that are rented out on a nightly basis for not more than 30 days to individual guests. They are commonly referred to as vacation rentals. They are a form of tourist or transient accommodations. Short-term rental units may be whole house rentals, apartments, condominiums, or individual rooms in homes.

### Where are they allowed today?

The City allows STRs in zones that accommodate tourist accommodations (hotel/motel, transient businesses, and accommodations) including:

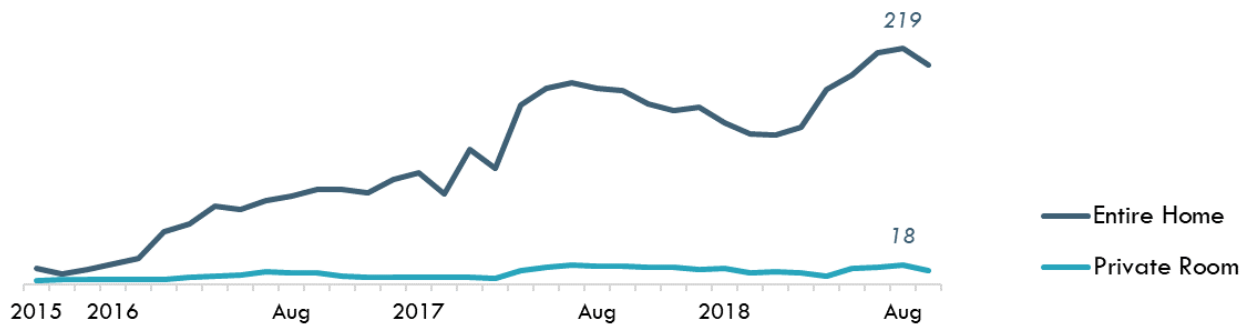
- Tourist Accommodation (T-A)
- Downtown Mixed Use (DMU)
- Tourist Mixed Use (TMU)
- Waterfront Commercial (C-W)
- Highway Service Commercial (C-HS)
- The Lookout Planned Development?

### How many are there?

The City has identified approximately 306 units used as STRs by reviewing business applications and licenses, making calls to rental property management entities, and reviewing STR platforms such as VRBO and Airbnb and similar sites.

Reviewing Washington State Department of Revenue data on Special Hotel/Motel Taxes from September 2017 to September 2018, the City's list of STRs appears similar to those paying the Special Hotel/Motel Tax. Based on tax revenue collected, and median monthly rental revenue tracked by Airbnb, the number of STRs remitting taxes varies month to month and could be as low as 150 in non-peak months and potentially up to 335 in peak months.

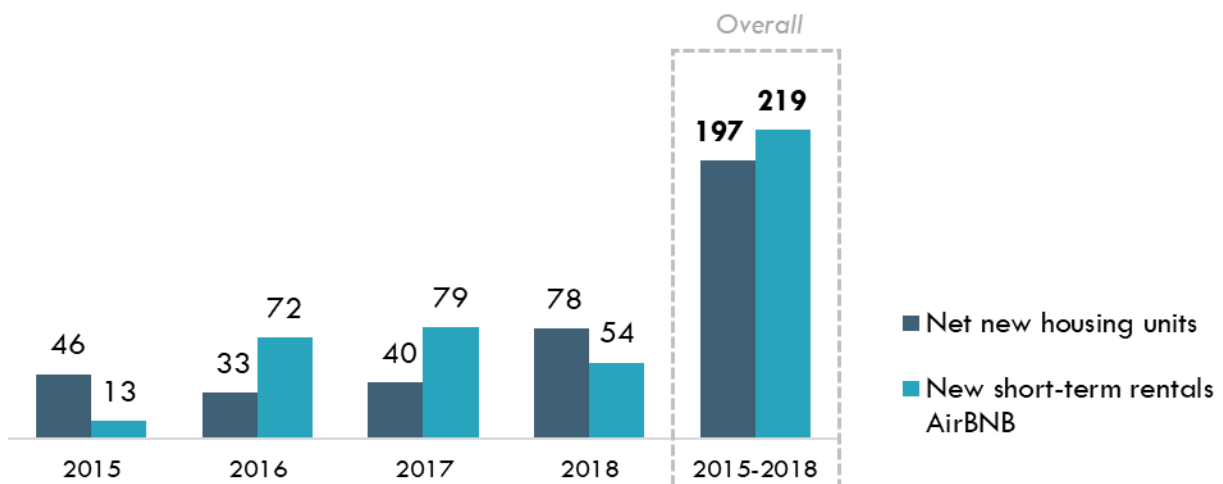
**Exhibit 1. Short-term Rentals in Chelan Market Area, 2015 to 2018**



STRs based out of private residences have increased rapidly in the last three years, while traditional hotels/motels have remained stable in numbers, though there is interest in adding additional accommodations over the long term (e.g. T-A zone expansion near golf course, grape growers with casitas in SUD). STRs help create an external source of demand for residential units and can drive up prices.

STR growth in Chelan exceeds housing production, shown in Exhibit 2. However, some STRs may have been previously used as second homes or personal vacation homes and may not be removing units from potential full-time residential occupants. Because data is only available from one STR online marketplace, this is likely undercounting the actual number of homes being used for STRs.

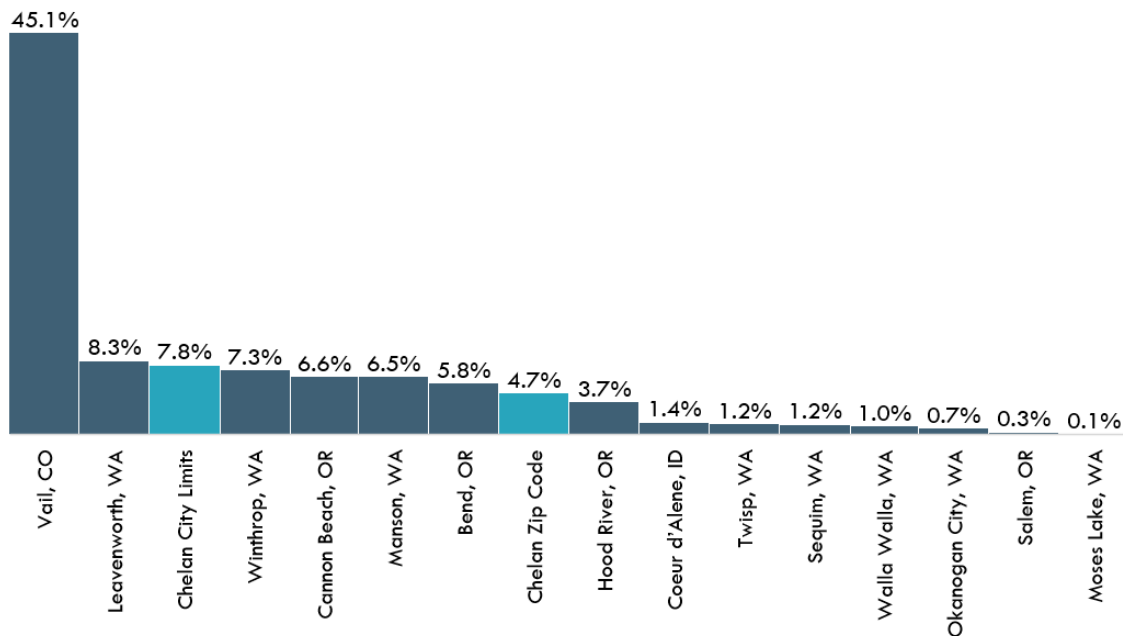
**Exhibit 2. Housing Unit Production and Airbnb Active Listings, 2015 to 2018**



Source: Office of Financial Management, 2018; AirDNA, 2018; BERK, 2018.

The number of listings on Airbnb as a percentage of all housing units varies, with Chelan at 8%, greater than Bend and Cannon Beach and less than Leavenworth and Vail.

### Exhibit 3. Airbnb September 2018 Listings as a Percentage of Total Housing Units

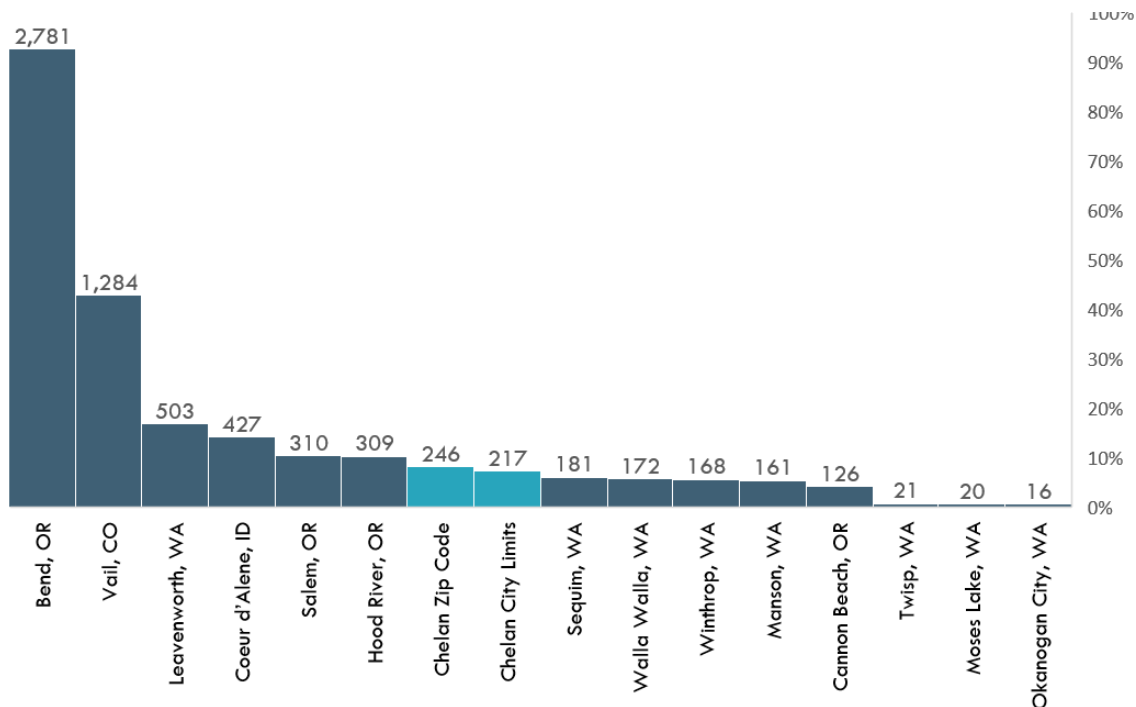


Note: AirDNA reports Airbnb listings based on market area, which for the jurisdictions report is based on zip codes. The estimate for the Chelan city limits is based on an approximation of mapped data.

Source: AirDNA 2018, BERK 2018

In terms of number of STRs, Bend Vail, Leavenworth, Coeur d'Alene, Salem, and Hood River have more than Chelan.

### Exhibit 4. Airbnb September 2018 Listings by Community



Note: AirDNA reports Airbnb listings based on market area, which for the jurisdictions report is based on zip codes. The estimate for the Chelan city limits is based on an approximation of mapped data.

Source: AirDNA 2018, BERK 2018

## What are some challenges with STRs?

STRs can remove units from long-term housing potential and increase the scarcity of affordable year-round housing. STRs pay Special Hotel/Motel tax but may not pay other local taxes unlike other traditional lodging entities. If not properly regulated, STRs may affect neighborhood quality and stability due to noise, parking, and other factors.

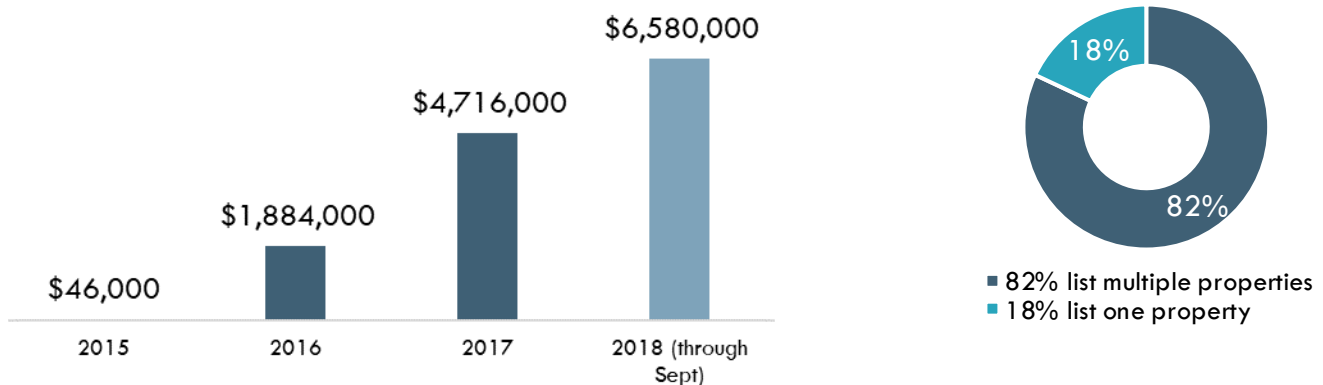
## What are some benefits with STRs?

The market for STRs in Chelan has been increasing rapidly, and properties are able to earn substantial revenues for property owners. This can help homeowners and long-term residents afford their home. As STR operators earn revenue, the City can collect Special Hotel/Motel Tax that helps the City's revenues and boost tourism to the community. Businesses in the community would also benefit economically from increased tourism activity.

The STR revenue being earned in the Chelan market has increased from \$46,000 in 2015 to over \$4,700,000 for the last full year of data available, 2017, as shown in Exhibit 5.<sup>1</sup> The revenue collected through September 2018 has already exceeded 2017.

Based on the median STR earnings of homes listed on Airbnb, a full year of renting could earn up to \$37,000<sup>2</sup> per year. An estimated 82% of hosts rent out multiple properties in July 2018, dropping to 78% in September 2018.

**Exhibit 5. Total Short-term Rental Market Revenue in City of Chelan**



Source: AirDNA, 2018; BERK. 2018.

## What are some best practices to regulate them?

Based on literature available and example communities, STR regulations should:

- Establish clear definitions
- Require registration and recordkeeping
- Establish protections for the supply and affordability of housing
- Create protections for the wellbeing of guests

<sup>1</sup> This amount reflects the median market area (zip code) earnings with adjustments it to city limits level of units.

<sup>2</sup> This amount is based on the market area (zip code) as adjustments to the city limits were not possible.

- Establish oversight, complaint, and sanction procedures for the wellbeing of neighbors
- Preserve neighborhood quality, e.g. limitations on parties, managing parking, and establishing quiet hours.
- Preserve public tax revenues and level the playing field between STRs and commercial hotels

## Stakeholder Input

On November 7, 2018, the City invited representatives of STR management companies and individual STR proprietors to a meeting to discuss STR conditions and regulatory approaches in Chelan. Key ideas included:

- **Fairness:** STRs should be regulated and pay similar taxes as hotel and motel units.
- **Balance:** Balance regulations of STRs with costs of time and money to enforce.
- **Health and Safety:** Regulation is needed to ensure health and safety. Self-certification and consideration of STR insurance could streamline enforcement. Requiring a local contact and unique permit identifiers would also be helpful.
- **Where allowed:** Most zones where STRs are allowed now make sense.
- **Economy:** STRs are part of the sharing economy, support Chelan's tourist-based economy, and support homeowners who can use income to help afford their home.
- **Affordability:** Consider how STRs affect housing affordability and availability. STRs can take rentals off market for year-round residents. Many STRs are used exclusively for rentals for less than 30 days; some STRs are used for 30 days or less in summer time and serve as long-term rentals during fall/winter/spring and serve teachers, contractors, etc. Regulation can help ensure proper location and management of units.
- **Housing Affordability and Local Revenue:** Work with the state legislature to allow some share of hotel/motel tax to be used for local purposes such as to support affordable housing efforts.

## Code Outline

Based on a Draft Situation Assessment, we recommend the following general approach:

- **Purpose and Guiding Principles**
  - Regulate STRs in a manner that:
    - Protects year-round residents' enjoyment of their homes and neighborhoods.
    - Benefits residents and the community by supporting homeownership costs and the city's tax base.
    - Addresses housing affordability concerns and avoids unduly constraining the availability of housing for year-round residents.
    - Fully recovers the cost of code implementation and enforcement.
    - Ensures fairness in the regulation of STRs similar to other forms of allowed lodging.

- **Locations:**
  - Continue to allow STRs in zones allowing accommodations and transient businesses.
  - Limit STRs in residential zones meant for year-round living. If allowing STRs in such locations, limit its use to a room rather than a whole house rental or limit the number of days per year a STR is allowed to be offered.
- **Types:**
  - Treat owner-occupied STR more flexibly than if renting an entire house. Owner must live in main house or accessory dwelling unit.
  - If renting an entire house, limit to selected zones and potentially consider two levels of review:
    - homes offered less than 90 days per year (allow in some areas with year-round residents) and
    - homes offered more than 90 days per year (in tourist or commercial zones).
- **Registration:**
  - Require both a regulatory license and a business license with annual renewals. In some zones conditional use permits may be required.
  - Require hosts to keep records of guest names and contact information and revenue earned to assist with enforcement.
  - Require hosts to include the short-term rental registration number or permit number on all advertisements.
- **Protections for the supply and affordability of housing:**
  - Continue to limit zones where allowed. Monitor allowed STRs per host, and the number of nights a short-term rental can be rented to guests.
- **Protections for the wellbeing of guests:**
  - Require compliance with health and safety standards. This could inspections by fire and building officials with the first STR registration, followed by a self-checklist with license renewals.
  - Require insurance carried by short-term rental hosts.
- **Preserve neighborhood quality:** Limit parties, require parking, and establish quiet hours. Consider requiring Good Neighbor Guidelines be followed at time of licensing. Considering requiring that the single-family look and character be retained.
- **Enforcement:**
  - Enforce by complaints and impose fines or other sanctions. Violation fees should be higher than application fees and may ramp up if compliance is delayed.
- **Preserve public tax revenues and level the playing field between STRs and commercial hotels:** Charge the hotel-motel tax and sales tax (local and state). Require platforms such as Airbnb to collect and remit the tax to the Department of Revenue.

## Next Steps

- Meet with City Council late November 2018.
- Develop draft code.

## Discussion Questions

Questions include:

- The code outline (page 5) identifies purposes and guiding principles – do these resonate with you? What should be added or changed?
- What challenges and benefits have you seen with STRs?
- Current regulations limit locations where STRs can operate – should this approach be retained?
- Should some allowance for STRs in other zones be provided if the days allowed per year and property owner residency can be managed?
- Reviewing the code outline, pages 5-7, what suggestions or advice do you have?