

Chelan County Short-Term Rentals: Definition and Use Table Options

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INTRODUCTION

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The Board of County Commissioners has requested a review of similarities and differences in short-term rentals and similar facilities like bed and breakfasts and guest inns. We have reviewed a number of local governments in Washington State and elsewhere, and most regulate short-term rentals¹ separate from bed and breakfasts and other transient accommodations. Locally the City of Leavenworth defines short-term rentals as bed and breakfasts. Other cities like Chelan and Wenatchee regulate them separately. A few example counties’ definitions and use allowances are shown in the Attachment.

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Based on state and county definitions, the distinctions between short-term rentals and other transient accommodations include:

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- Short-Term Rentals are defined as dwellings that are offered for rental for less than 30 days. (RCW 64.37) Short-Term Rentals are considered Personal Home Rentals by the State [Department of Revenue](#).
- As defined in the Chelan County Code, Chapter 14.98, Bed and Breakfasts have three or fewer lodging units. Guest Inns have four to six lodging units. As defined in the Chelan County Code, lodging units are separate self-contained rooms designated by number, letter, or some other method of identification. Bed and Breakfasts and Guest Inns often offer food. Lodging facilities are larger than Guest Inns and include hotels and motels.
- Short-Term Rentals and Bed and Breakfasts with three or fewer lodging units do not require Transient Accommodation Licenses from [Department of Health](#). On the other hand, Guest Inns and Lodging Facilities would.

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¹ See example agencies reviewed in data tables handout provided to the Planning Commission: https://www.co.chelan.wa.us/files/community-development/documents/STR%20Follow%20Up_2020_1002.pdf.

- 30 On the following pages, options for the District Use Chart and definitions are presented including:
- 31 ▪ Option 1 – Proposed Use Chart, as Recommended by the Planning Commission, with Adjusted
 - 32 Definitions
 - 33 ▪ Option 2 – Align Short-Term Rentals with Bed and Breakfasts/Guest Inns and Adjust Definitions
 - 34 ▪ Option 3 – Align Short-Term Rentals with Bed and Breakfasts/Guest Inns and Offer an
 - 35 Administrative Conditional Use Permit Option

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OPTION 1 – PROPOSED USE CHART WITH ADJUSTED DEFINITIONS

37 Under Option 1, the County would treat Short-Term Rentals as a dwelling similar to State definitions
38 (RCW 64.37). Unlike a Bed and Breakfast or Guest Inn, the whole Short-Term Rental is one lodging unit
39 and rooms are not “broken up.” Unlike Guest Inns, a Short-Term Rental would not provide food service
40 nor be required to obtain State Department of Health Transient Accommodation licenses.

41 Short-Term Rentals are regulated based their level of use as a principal residence and guest occupancy:

- 42 ■ Tier 1 owner occupied with up to 12 guests,
- 43 ■ Tier 2 non-owner occupied with up to 12 guests, and
- 44 ■ Tier 3 larger homes with more occupants.

45 The dwelling either functions as a primary dwelling for the owner (Tier 1) or can be returned easily to use
46 as a primary dwelling (Tier 2) because bedrooms are not treated like hotel rooms. Larger homes used for
47 retreats or weddings still could be returned to primary residential use (Tier 3). Unlike a Bed and
48 Breakfast (B&B) or Guest Inn, Short-Term Rentals require an annual permit.

49 Definitions would be amended to show Short-Term Rentals as a dwelling without food service, and that
50 they are rented for less than 30 days as one “lodging unit.”

51 11.04.020 District Use Chart

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

(3) On lots 2.5 acres or smaller the short-term rental shall ~~be~~ be subject to a grace period within 5 years of ~~XXX~~ effective date August 25, 2020

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

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District Use Chart

USE/ACTIVITY	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
Short-Term Rentals Tier 1	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(2)			CUP	CUP	CUP
Short-Term Rentals Tier 2	P(1)	P(1)	P(1)	P(1)(3)	P(1)	P(1)	P(1)(3)	P(2)			CUP	CUP	CUP
Short-Term Rentals Tier 3	CUP	CUP	CUP	CUP(3)	CUP	CUP	CUP(3)	P(2)			CUP	CUP	CUP
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		
Lodging Facilities								P					
Single-Family Dwelling	P	P	P	P	P	P	P				P	P	
Home Occupations	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)				A(1)	A(1)	
Home-Based Business	CUP	CUP	CUP	CUP	CUP	CUP	CUP				CUP	CUP	

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OPTION 2 – TREAT STRS LIKE B&B/GUEST INN AND ADJUST DEFINITIONS

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Under Option 2, the County would continue to show Short-Term Rentals on separate rows in the use table since they are separately defined, function as one lodging unit, and require an annual permit.

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However, the Use Chart would be amended to permit Short-Term Rentals similar to similarly sized Bed and Breakfasts, Guest Inns, or Lodging Facilities that require one-time land use permits.

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Definitions would be amended to show Short-Term Rentals as a dwelling without food service, and that they are rented for less than 30 days as one “lodging unit.”

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11.04.020 District Use Chart

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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.

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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

(3) On lots 2.5 acres or smaller the short-term rental shall ~~be~~ subject to a grace period within 5 years of ~~the~~ effective date August 25, 2020

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

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District Use Chart

USE/ACTIVITY	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
Short-Term Rentals Tier 1	PA(1)	PA(1)	PA(1)	PA(1)	PA(1)	PA(1)	PA(1)	P(2)			AMCUP	AMCUP	CUP
Short-Term Rentals Tier 2	P(1)	P(1)	P(1)	P(1)(3)	P(1)	P(1)	P(1)(3)	P(2)			CUP	CUP	CUP
Short-Term Rentals Tier 3	CUP	CUP	CUP	CUP(3)	CUP	CUP	CUP(3)	P(2)			CUP	CUP	CUP
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		
Lodging Facilities								P					
Single-Family Dwelling	P	P	P	P	P	P	P				P	P	
Home Occupations	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)				A(1)	A(1)	
Home-Based Business	CUP	CUP	CUP	CUP	CUP	CUP	CUP				CUP	CUP	

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OPTION 3 – ALIGN STRS WITH B&B/GUEST INN AND OFFER ACUP OPTION

Under Option 3, Short-Term Rentals are co-located in the Use Chart with the most similar tourist accommodation uses so that the zones where the uses are allowed are the same.

- Tier 1 Short-Term Rental aligned with Bed and Breakfasts, treated as permitted accessory uses.
- Tier 2 Short-Term Rental aligned with Guest Inn, subject to an Administrative Conditional Use Permit.

There would be no Tier 3 Short-Term Rentals as these would be considered Lodging Facilities. Any existing Tier 3 Short-Term Rentals in zones where they would now be prohibited would have a 2-year grace period.

The County could consider aligning permits for new Bed and Breakfasts and new Guest Inns to treat them all as Short-Term Rentals with annual permits, or the County could keep the permit procedures separate as they are. The County would need to create the new Administrative Conditional Use Permit duties for the Director of Community Development and distinguish that from the Hearing Examiner.

Definitions would be amended for clarity. Short-Term Rentals are considered to be dwellings without food service. They are rented for less than 30 days as one “lodging unit.” The dwelling either functions as a primary dwelling for the owner or can be returned easily to use as a primary dwelling.

86 **11.04.020 District Use Chart**

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

(3) On lots 2.5 acres or smaller the short-term rental shall ~~not~~ be subject to a grace period within 5 years of ~~XXX~~ effective date August 25, 2020

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

ACUP — Administrative conditional use permit

90 **District Use Chart**

USE/ACTIVITY	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
<u>Short-Term Rentals Tier 1</u>	CUP	CUP	CUP	CUP	CUP	CUP	CUP	P(2)			CUP	CUP	CUP
<u>Short-Term Rentals Tier 2</u>	CUP	CUP	CUP	CUP	CUP	CUP	CUP	P(2)			CUP	CUP	CUP
<u>Short-Term Rentals Tier 3</u>	CUP	CUP	CUP	CUP	CUP	CUP	CUP	P(2)			CUP	CUP	CUP
Bed and Breakfast (3 or Fewer Rooms) <u>and Tier 1 Short-Term Rental</u>	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)				A(1)	A(1)	
Guest Inn <u>4 to 6 Rooms and Tier 2 Short-Term Rental</u>	CUP	CUP	CUP	CUP	CUP	CUP	CUP				CUP		
Lodging Facilities								P					
Single-Family Dwelling	P	P	P	P	P	P	P				P	P	
Home Occupations	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)	A(1)				A(1)	A(1)	
Home-Based Business	CUP	CUP	CUP	CUP	CUP	CUP	CUP				CUP	CUP	

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An administrative CUP would need to be added to the Chelan County Code to add this as a responsibility of the Director.

CHELAN COUNTY DEFINITIONS: OPTIONS 1, 2 AND 3

11.23 Manson Urban Growth Area (Vacation Rental)

11.23.040 ~~(3) Vacation rentals, any unit being rented for less than thirty consecutive days...~~

14.98.265 Bed and breakfast.

“Bed and breakfast” means a facility in which one kitchen, a shared dining area, and not more than a total of three lodging units are available within a single-family residence providing short-term lodging and food services, for paying guests. This definition excludes Short-Term Rentals.

14.98.625 Dwelling unit.

“Dwelling unit” means one or more rooms designed, occupied or intended for occupancy as a separate living quarters with sleeping, sanitary facilities and kitchen facilities provided within the dwelling unit for the exclusive use of a single household.

14.98.915 Guest inn.

“Guest inn” means a facility with one kitchen, a shared dining area, with not more than a total of six lodging units, which are available within a single-family residence and/or cabin outbuildings providing short-term lodging and food services for paying guests. This definition excludes Short-Term Rentals.

14.98.1105 Lodging facilities.

Option 1 or 3: “Lodging facilities” means establishments providing transient sleeping accommodations and may also provide additional services such as restaurants, meeting rooms and banquet rooms. Such uses may include, but are not limited to, hotels, motels and lodges greater than six rooms.

Option 2: “Lodging facilities” means establishments providing transient sleeping accommodations and may also provide additional services such as restaurants, meeting rooms and banquet rooms. Such uses may include, but are not limited to, hotels, motels, Tier 3 Short-Term Rentals, and lodges greater than six rooms.

14.98.1110 Lodging unit.

“Lodging unit” means one self-contained unit designated by number, letter or some other method of identification.

14.98.1692 Short-Term Rental

“Short-Term Rental” means a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental owner or operator for a fee for fewer than thirty consecutive nights. 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. They are rented as a single lodging unit, do not provide food service, and retain the form and function of a dwelling unit. For the purpose of administration and enforcement of this title, 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.

Community	Short-Term Rental Definitions/Allowance	B&B/Guess Inn/Lodging Definitions/Allowance
<p>State of Washington</p>	<p>RCW 64.37.010: Short-term rental is a lodging use, that is <u>not a hotel or motel or bed and breakfast</u>, in which a <u>dwelling unit</u>, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights. Short-term rental excludes: (b) "Short-term rental" does not include any of the following:</p> <ul style="list-style-type: none"> ▪ a dwelling unit that is occupied by the owner for at least six months during the calendar year and in which fewer than three rooms are rented at any time; ▪ a dwelling unit, or portion thereof, that is used by the same person for thirty or more consecutive nights; or ▪ a dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization ..., and provides temporary housing to individuals who are being treated for trauma, injury, or disease, or their family members. <p>Dwelling unit means a residential dwelling of any type, including a single-family residence, apartment, condominium, cooperative unit, or room, in which a person may obtain living accommodations for less than thirty days, but not including duly licensed bed and breakfast, inn, hotel, motel, or timeshare property.</p> <p>RCW 64.37 Short-term rentals are subject to state taxes, liability insurance, and consumer safety requirements.</p>	<p>RCW 70.62.210 Transient Accommodation: shall mean any facility such as a hotel, motel, condominium, resort, or any other facility or place offering three or more lodging units to travelers and transient guests. Lodging Unit: shall mean one self-contained unit designated by number, letter or some other method of identification.</p> <p>RCW 70.62 Subject to Board of Health rules that provide for adequate light, heat, ventilation, cleanliness, and sanitation and shall include provisions to assure adequate maintenance. Must have a license, and may be subject to inspection.</p>

Community	Short-Term Rental Definitions/Allowance	B&B/Guest Inn/Lodging Definitions/Allowance
<p>Okanogan County, WA</p> <ul style="list-style-type: none"> ▪ B&B and Nightly Rental separately defined (e.g. food service) and with different rules ▪ B&B owner occupied with food service: allowed in most zones ▪ Nightly Rental: Treated similar to B&B, higher permit level (Planned Development) in more zones ▪ Hotel & Motels: Greatest scrutiny, allowed in fewer zones 	<p>“Nightly rental” means a dwelling unit or accessory dwelling unit used as a tourist accommodation which accommodates the traveling public for short-term stays.</p> <ul style="list-style-type: none"> ▪ Permitted: Minimum Requirement, Rural 1, Rural 5, Rural 20, Agricultural, Suburban Residential, Commercial, Industrial, Agricultural Residential, Neighborhood Commercial ▪ Planned Development (PD): Methow Review District, Rural Residential, Low Density Residential ▪ CUP: Airport Development, Urban Residential, Neighborhood Use, Special Review Commercial 	<p>“Bed and breakfast” means an owner-occupied single-family dwelling in which bedrooms are rented to the traveling public (tourists). For the purposes of this title, this use is not considered a commercial use. This use shall have the outward appearance of a single-family residence and food service in accordance with WAC 246-215-180. See Chapter 17A.260 OCC for specific regulations.</p> <ul style="list-style-type: none"> ▪ Permitted: Minimum Requirement, Rural 1, Rural 5, Rural 20, Agricultural, Suburban Residential, Agricultural Residential, Methow Review District, Neighborhood Commercial, Urban Residential, Neighborhood Use, Special Review Commercial, Rural Residential, Low Density Residential ▪ Planned Development (PD): None ▪ CUP: Commercial, Industrial, Airport Development <p>“Hotels” and “motels” means establishments for housing the traveling public on an overnight or short-term basis. Accessory restaurant and recreational facilities are usually available to nonguests as well as guests.</p> <ul style="list-style-type: none"> ▪ Permitted: Minimum Requirement, Rural 1, Rural 5, Rural 20, Neighborhood Commercial ▪ Planned Development (PD): None ▪ CUP: Suburban Residential, Commercial, Airport Development ▪ Prohibited: Agricultural, Industrial, Agricultural Residential, Methow Review District, Urban Residential, Neighborhood Use, Special Review Commercial, Rural Residential, Low Density Residential

Community	Short-Term Rental Definitions/Allowance	B&B/Guest Inn/Lodging Definitions/Allowance
<p>San Juan County, WA (#1,040)</p> <ul style="list-style-type: none"> ▪ B&B is defined with two types dependent on number of lodging units and food service; Vacation Rental separately defined and with different rules. ▪ B&B considered a commercial use and Vacation Rental as a residential use. ▪ Vacation Rentals allowed in more rural zones and CUP in Village/Hamlet activity centers. ▪ B&B residence allowed more in Village/Hamlet activity centers, and allowed in many rural zones. ▪ B&B inn (large) permitted in Village/Hamlet and Rural Commercial. Most limited. 	<p>“Vacation rental of a residence or an ADU” means a single-family residential unit or an accessory dwelling unit that is rented (for periods of less than 30 days).</p> <ul style="list-style-type: none"> ▪ P: Rural General Use, Rural Farm-Forest, Rural Industrial, Rural Commercial, Village Commercial, Village Industrial, Hamlet Commercial, Hamlet Industrial, Island Center, Master Planned Resort (with Plan Amendment) ▪ CUP: Rural Residential, Village Residential, Hamlet Residential ▪ Prohibited: Agricultural Resource Lands, Forest Resource Lands 	<p>“Bed and breakfast residence” means a hospitality commercial use containing one to two lodging units without cooking facilities, which provides overnight accommodation and breakfast meals in an owner-occupied existing single-family residence.</p> <ul style="list-style-type: none"> ▪ P: Rural General Use, Rural Farm-Forest, Rural Commercial, Agricultural Resource Lands, Forest Resource Lands, Village Commercial, Village Residential, Hamlet Commercial, Hamlet Residential, Master Planned Resort ▪ CUP: None ▪ Prohibited: Rural Residential, Rural Industrial, Village Industrial, Hamlet Industrial <p>“Bed and breakfast inn” means a hospitality commercial use containing three to five lodging units without cooking facilities, which provides overnight accommodation and breakfast meals in a proprietor- or owner-occupied existing single-family residence and additional legal structures or up to 10 lodging units in an existing historic structure.</p> <ul style="list-style-type: none"> ▪ Permitted: Rural Commercial, Village Commercial, Village Residential, Hamlet Commercial, Hamlet Residential, Master Planned Resort ▪ CUP: Rural General Use, Rural Farm-Forest ▪ Prohibited: Rural Residential, Rural Industrial, Agricultural Resource Lands*, Forest Resource Lands*, Village Industrial, Hamlet Industrial <p>*C if historic</p> <p>“Hotel” means a hospitality commercial use containing three or more individually rented lodging units (in one or more buildings), which provides sleeping accommodations, with or without meals or the facilities for preparing meals, for travelers and transient guests, and which does not meet the definitions of “bed and breakfast inn,” “bed and breakfast residence,” or “vacation rentals of a residence or an ADU.”</p> <ul style="list-style-type: none"> ▪ Permitted: Village Commercial ▪ CUP: Hamlet Commercial ▪ Prohibited: Village Industrial, Village Residential, Hamlet Industrial, Hamlet Residential, Island Center

Community	Short-Term Rental Definitions/Allowance	B&B/Guest Inn/Lodging Definitions/Allowance
<p>Pacific County, WA (#200)</p> <ul style="list-style-type: none"> ▪ B&B and Nightly Rental separately defined (e.g. food service) and with different rules ▪ Allowed in similar zones 	<p>“Short Term Vacation Rental” means a single-family residential dwelling unit or accessory residential dwelling unit used for short-term transient occupancy (for periods less than 30 days).</p> <ul style="list-style-type: none"> ▪ Permitted: Resort District, Community Commercial, Mixed Use Tokeland ▪ Special Use (Like CUP): Rural Lands, Rural Residential, Restricted Residential, General Residential, Mixed Use ▪ Prohibited in Restricted Residential within the Seaview Urban Growth Area 	<p>“Bed and Breakfast Facility” means a private home or inn offering lodging on a temporary basis to transient guests, such as travelers and tourists, and which may provide food services.</p> <p>Permitted:</p> <ul style="list-style-type: none"> ▪ Permitted: Resort District, Community Commercial, Mixed Use Tokeland ▪ Special Use (Like CUP): Remote Rural, Rural Lands, Rural Residential, Restricted Residential, General Residential, Mixed Use

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