

Chelan County Short-Term Rental Task Force Report and Recommendations

May 7, 2021

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Purpose and Charge

Purpose

A short-term rental refers to a residential dwelling rented out on a nightly basis for less than 30 days to individual guests. It could be a whole home or just part of it. Short-term rentals have increased rapidly since 2014, especially in Leavenworth and Manson areas.

Chelan County has been considering how to best address short-term rentals to allow for property owner income while protecting the character of residential communities across the county. In 2019, Chelan County considered draft regulations, and ultimately did not carry forward a draft at that time. The Board of County Commissioners desired to look at new code options in 2020. Between March and December 2020, the Planning Commission held meetings and hearings and made a recommendation, and the Board also held meetings and a hearing.

Due to the diverging interests of residents and short-term rental operators, the Board of County Commissioners established a Task Force comprised of three neighborhoods residents, three short-term rental operators, and three Planning Commission representatives (two current and one former member). The purpose of the Task Force was set forth in Resolution 2021-17 (See Attachment A) and included:

- a balanced analysis and report to the board as to the likely effectiveness of the proposed code before its adoption and make recommendations for possible further editing of the draft to meet its intended purpose
- meet all the needs of the citizens of Chelan County and is consistent with the county comprehensive plan’s goals
- focus ... on select issues surrounding affordable housing, and reducing the number of short term rentals within highly impacted areas of Chelan County with the highest ratios of short term rentals compared to the overall housing inventory in those same areas including such considerations of: zones allowed, lot size minimums, allowing existing short term rentals to continue to operate, regulating the size or occupancy levels of short term rentals, transferability of permits upon sale of properties,

effective permitting processes, and identify a process to allow for new short term rentals and under what conditions and in what places

The versions of the code under review were dated December 8 and 22, 2020 as reviewed by the Board of County Commissioners during their deliberations. Key questions for Task Force dialogue (Attachment B) included in summary:

- In which areas should short-term rentals be allowed?
- In those zones that will allow short term rentals, what are the limitations?
- How do we address the issue of “grandfathering” in existing rentals, and whether we should allow transferability of permits?
- What should be the “cap” on the number or percentage of rentals within a given area?
- How do we get to that cap in the future? How do we get to that cap in the present?
- How do we put a cap on the occupancy levels for Tier 1, 2, and 3 rentals?

Membership, Meetings and Consensus Process

Resolution 2021-17 identified a Task Force made up of nine members and two alternates:

- Three member participants and one alternate who represent the interests of short term rental owners in Chelan County. Participants included: Don MacKenzie, David Donovan, Sean Lynn, and Zeld Holgate (alternate).
- Three member participants and one alternate who represent the interests of residential neighborhoods and housing affordability in Chelan County. Participants included: John Agnew, Ken Longley, Kirvil Skinnarland, and Kari Sorensen (alternate).
- Three current or past members from the Chelan County Planning Commission who participate within the process. These included: Randy Baldwin (2020), Carl Blum (current), and Ed Martinez (current).

The Task Force was created as an Ad Hoc group and non-regulatory body meant to complete its work by April 23, 2021. The Task Force met six times between February 22 and April 19, 2021 (unrecorded Zoom meetings). The Task Force was facilitated by an independent consultant, Mike Nash, who set group rules, operating procedures, and a communications plan. The group was supported by Jim Brown, Chelan County Community Development Director, and technical consultant Lisa Grueter, BERK Consulting, Inc. who provided background information and data.

The Task Force was requested to listen, engage, and seek consensus (Attachment B). Consensus was explained to the members to mean; the group collaboratively develops and agrees to support a decision that helps meet a common goal. While the ideal results of a consensus approach would be full agreement, consensus allows for support of the group’s decision even if having some concerns; it means the members support and can “live with” the overall recommendations.

This report identifies the consensus recommendations of the Task Force. The short term rental owners and the residential neighborhood groups also provided independently created addenda to the consensus report to share some of their particular concerns and clarifications.

Results

Group Consensus Results

Over time, with discussion, proposals were formulated by participants. Short-term rental operators and neighborhood resident representatives developed concepts for regulations. These were shared and vetted by each participant. Each group posed ideas to meet their essential objectives while offering some compromises to get to a consensus. Break-out sessions were held within the Zoom meeting in order to consider options and weigh alternatives, in an effort to close gaps between the proposals. Each group modified their proposals for rank choice voting. Moderators (Mike Nash, Jim Brown, and Lisa Grueter) also developed proposals that would bridge different concepts from all sides. Using a rank choice voting process the Moderator's proposal was ranked as either the first or second choice and ultimately was carried forward. Addenda from each group are described later in summary below.

Allowances – Existing Short-Term Rentals: Existing short-term rentals would be grandfathered if they demonstrate paying for taxes and insurance since July 28, 2019 (the date since Chapter 64.37 RCW was effective). A one-time transfer of ownership for short-term rentals is allowed within five years (with the exceptions of inheritance or divorce). This is meant to address the existing investment in short-term rentals while identifying common rules that short-term rental operators would have had to meet to follow state law at a minimum. Within three months health and safety code requirements would need to be met (immediate safety issues, require immediate compliance), and within a year all the remaining operational standards would have to be met (signing, parking, etc.).

Allowances – New Short-Term Rentals: A cap would be set at a 6%¹ in most zip codes and urban growth areas (UGAs), “unless specified”. If sub-areas are created to break larger size areas into locale specific focus, those sub-area caps would be 6%. However, 9% would be set as a cap in the Manson UGA where a vacation rental program had been established for some years. If the cap is not exceeded in that location new short-term rentals would be allowed provided they meet code requirements.

- The proposal would allow for new Tier 1 homeowner occupied short-term rentals in all zones, without a cap applied.
- New Tier 2 (non-owner-occupied with standard maximum occupancy) would be allowed in most zones if meeting the separation requirements (200 feet between short-term rentals) and minimum lot area per short-term rentals.
- In zones with larger lot sizes, Tier 3 (non-owner-occupied with greater maximum occupancy over the standard 16) could be allowed provided they have highway access and obtain a conditional use permit (CUP).
- All tiers would be allowed in Master Planned Resorts and Planned Unit Developments with notes on face of plat and would not be subject to the cap.

¹ Share of short-term rentals compared to the unincorporated housing stock.

Occupancies – Existing and New Short-Term Rentals: Daytime and nighttime occupancy is based on 2 per bedroom with 8, 12, and 16 the maximum in Tiers 1, 2, and 3, respectively.

- The daytime cap can only be exceeded with a CUP.
- Event venues require a CUP (Place of Public and Private Assembly standards apply) and are only allowed where a Tier 3 is allowed, and must have direct highway access, or be sited in commercial zones.

Table 1. Task Force Consensus Proposal

Question	Task Force Recommendation																								
<i>In which areas should short-term rentals (STRs) be allowed?</i>	<ul style="list-style-type: none"> ▪ Tier 1 allowed in all zones. ▪ Tier 2 allowed in all zones, subject to lot size and distance between STRs (see chart below). Commercial Ag with Conditional Use Permit (CUP). ▪ Tier 3 excluded from RRR, RW, RV and R2.5. CUP needed for RR20, RR10, RR5. No Tier 3 in Commercial Ag. Highway access required. ▪ Peshastin UGA: Commercial zones only. ▪ Manson UGA: See below. 																								
<i>In those zones that will allow short term rentals (STRs), what are the limitations?</i>	<ul style="list-style-type: none"> ▪ 1 STR per lot <p>Zone by zone standards</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #d3d3d3;">ZONE</th> <th style="background-color: #d3d3d3;">TIER 2 [acreage per STR and distance between STRs]</th> <th style="background-color: #d3d3d3;">TIER 3 [acreage per STR]</th> </tr> </thead> <tbody> <tr> <td>RR20</td> <td>10 & 200 ft from STRs.</td> <td>CUP 10</td> </tr> <tr> <td>RR10</td> <td>10 & 200 ft from STRs.</td> <td>CUP 10</td> </tr> <tr> <td>RR5</td> <td>5 & 200 ft from STRs.</td> <td>CUP 5</td> </tr> <tr> <td>RR2.5</td> <td>2.5 & 200 ft from STRs</td> <td>NA</td> </tr> <tr> <td>RRR</td> <td>.275 & 200 ft from STRs</td> <td>NA</td> </tr> <tr> <td>RW</td> <td>.275 & 200 ft from STRs</td> <td>NA</td> </tr> <tr> <td>RV</td> <td>.275 & 200 ft from STRs</td> <td>NA</td> </tr> </tbody> </table> <p><i>NA = not applicable/not allowed. CUP= conditional use permit</i></p>	ZONE	TIER 2 [acreage per STR and distance between STRs]	TIER 3 [acreage per STR]	RR20	10 & 200 ft from STRs.	CUP 10	RR10	10 & 200 ft from STRs.	CUP 10	RR5	5 & 200 ft from STRs.	CUP 5	RR2.5	2.5 & 200 ft from STRs	NA	RRR	.275 & 200 ft from STRs	NA	RW	.275 & 200 ft from STRs	NA	RV	.275 & 200 ft from STRs	NA
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<u>Short Term Rentals Tier 3</u>				P1	P1																				

Question

Task Force Recommendation

Table Note; P1 = Permitted with Standards

200 ft separation

- Tier 1 P or A use in all zones
- Tier 2 permitted in all zones
- Tier 3 permitted in commercial zones
- Lodge permitted by CUP only in commercial zones

Question	Task Force Recommendation
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How do we address the issue of “grandfathering” in existing rentals (STRs)...

Countywide (except Manson UGA): Established STRs are grandfathered if owner can prove that all taxes² were paid between 7/28/19³ and 8/25/20, even if non-conforming or pending before moratorium. Must comply going forward:

- Liability insurance
- Compliance with all requirements within 1 year (3 months for health and safety issues; immediate for certain issues)

Facilitator Note to Task Force: Of course, there are nuances here, but it’s not our job to parse those out.

Manson UGA: Established STRs are grandfathered if owner can prove that all taxes were paid between 7/28/19 and 8/25/20, even if non-conforming or pending before moratorium.

- Must have valid STR License as of 8/25/20, OR held an STR License at any time since inception of Licensing process and actually operated as an STR in 2019 or 2020.⁴
- Require the payment of double permit fees for each prior year of rental operation without a STR License within the UGA.

Must comply going forward:

- Liability insurance
- Come into compliance with all requirements within 1 year (immediate for health and safety issues)

...and whether we should allow transferability of permits?

- One-time transferability (of existing STRs), if within five years of adoption of new code.
- No transferability after that, even after the cap is met, with the exceptions of inheritance or divorce.
- New permits are non-transferable. New owner requires a new permit and full code compliance.

No transferability at all if not fully code compliant – regarding standards, not lot size, etc. Just the operational rules.

What should be the “cap” on the number or percentage of rentals within a given area?

- Individual Zip Codes, unless specified: 6%
- UGAs, unless specified: 6%
 - Manson UGA: 9%
- Other sub-areas if created, including within 98826 sub-areas: 6%
- Master Planned Resorts and Planned Unit Developments with notes on face of plat excluded.

How do we get to that cap in the future? How do we get to that cap in the present?

- Affecting existing short-term rentals and cap: See transferability.
- Affecting future short-term rentals and cap: See distance and lot size parameters.

Question	Task Force Recommendation
<p><i>How do we put a cap on the occupancy levels for Tier 1, 2, and 3 rentals?</i></p>	<p>2 per bedroom, subject to maximums:</p> <ul style="list-style-type: none"> ▪ Tier 1: 8 ▪ Tier 2: 12 ▪ Tier 3: 16 <p>Exceed daytime occupancy only by CUP.</p> <p>Events allowed where Tier 3's are allowed with highway access or in commercial zones.</p>

Summary of Addenda

Short-Term Rental owners/operators identified some topics that were not discussed at the level of detail or scope desired in the Task Force process. This includes regulation of septic loads and considering water efficiency, and a concern for owners/operators being trapped by the moratorium on short-term rentals. Other topics outside the scope but still of concern are simplifying other operating rules to achieve desired compliance. See attachment D-1.

Short-Term Rental neighbors and county residents identified some issues to keep in mind as the ordinance is drafted, particularly: enforcement commitment and capacity, transparency in permit applications and complaints, permit applications and disclosure, immediate compliance for health and safety (e.g. septic), noise, and focusing Tier 2 and 3 short-term rentals in commercial areas. See attachment D-2.

Use of Recommendations

The Board of County Commissioners will receive the Task Force Report by May 7, 2021. The Board will consider the recommendations and decide to, “either finalize a current draft code for final adoption, or amend current draft code for final adoption, or consider other steps needed to draft and adopt a final code within year 2021.” (See Attachment A.) The Board has noted to the Task Force members that the report is considered a set of recommendations, and would not necessarily be incorporated verbatim into the final code. (See Attachment B.) The Board thanked all participants for their diligent and collaborative work to come up with recommendations that may help the County create short-term rental regulations. (See Attachment C.)

² A great deal of discussion centered around this issue. The majority of STRs seemingly were substantially in compliance with state law regarding taxation. For grandfathering-only commissioners may wish to contemplate “what taxes” to consider as triggering compliance.

³ Date RCW Chapter 64.37 (Short-Term Rentals and tax requirements) went into effect.

⁴ Manson grandfathering: This could create a disparity between totally never-permitted versus those who got a permit in early years yet continued to operate “with knowledge” by not renewing again. This issue was intended to be fully addressed by the STR group, but time did not allow full consideration on the last day. Requiring double-fees backwards in time, could be a tool to address.

Attachments

- A. Task Force Resolution
- B. Task Force Instructions
- C. BOCC Letter of Appreciation
- D. Addenda – Short-Term Rental Operators (D-1) and Resident/Neighborhood Representatives (D-2)

BOARD OF COUNTY COMMISSIONERS
CHELAN COUNTY, WASHINGTON

RESOLUTION NO. 2021-17

Summary: A resolution revising and amending both Resolution 2020-159 adopted on December 29, 2020, and Resolution 2021-11 adopted on January 20, 2021 creating the ad hoc Short Term Rental Task Force to study issues pertaining to short term rental uses in Chelan County code drafts and to recommend select regulation draft adjustments or select draft additions needed to finalize a draft county code for subsequent Board of Commissioners consideration and action under Title 14 of the Chelan County code.

Whereas, on October 15, 2020, the Planning Commission passed a draft short term rental code within Chapters 11.88, 11.90, 11.93, and 14.98 of the Chelan County Code that also contained a formal request to the Board of Commissioners to consider the creation of a “Task Force” to study and monitor future progress of the adopted code in meeting its purpose, and

Whereas, on October 28, 2020, November 3, 2020, November 10, 2020, November 16, 2020, November 24, 2020, December 1, 2020, and December 8, 2020, the Board of Commissioners conducted workshops regarding that proposed short term rental code, and

Whereas, on December 22, 2020, the Board of Commissioners conducted a public hearing regarding that proposed short term rental code, and

Whereas, the Board of Commissioners recognize that short term rental use is substantially a new regulated use county-wide with numerous considerations, and that the county, neighboring residents, short term rental owners, and others may identify new, or continuing concerns and problems that may require adjustments to the draft code, and

Whereas, Chelan County has received an extremely large volume of public input regarding potential regulations pertaining to short term rentals and said public input has been both positive and negative, and

Whereas, the Board of Commissioners recognize that engaging the various interested parties in the analysis of code adoption can provide for a balanced approach to evaluating the effectiveness of the proposed code, and

Whereas, the Board of Commissioners has diligently and thoughtfully considered the several named parties recommended by the public, or who themselves offered to assist on the Task Force, and the Board’s desire for a balanced approach considering a diversity of perspectives, and

Whereas, the Board of Commissioners believe the creation of a temporary Short Term Rental Task Force composed of representatives of the aforementioned interested parties will provide for a balanced analysis and report to the board as to the likely effectiveness of the proposed code before its adoption and make recommendations for possible further editing of the draft to meet its intended purpose, and

Whereas, the Board of Commissioners want to adopt a comprehensive short term rental code that meets all the needs of the citizens of Chelan County and is consistent with the county comprehensive plan’s goals, and

Whereas, the Board of Commissioners want to adopt a comprehensive short term rental code, and is directing the Task Force members to focus and limit their effort to code language on select issues surrounding affordable housing, and reducing the number of short term rentals within highly impacted areas of Chelan County with the highest ratios of short term rentals compared to the overall housing inventory in those same areas including such considerations of: zones allowed, lot size minimums, allowing existing short term rentals to continue to operate, regulating the size or occupancy levels of short term rentals, transferability of permits upon sale of properties, effective permitting processes, and identify a process to allow for new short term rentals and under what conditions and in what places, and

Whereas, the Board of Commissioners are not herein granting any regulatory authority to the Task Force under any titles of the Chelan County Code, and are creating the Task Force as an ad hoc body with only advisory standing, and the individual members and Task Force itself are selected by, and exist solely at the pleasure of the Board, and

Whereas, the Board of Commissioners may need to consider extending the existing short term rental moratorium Resolutions 2020-86 and 2020-104 under the provisions of RCW 36.70A.390, before the February 23, 2021, expiration date, in order to allow the Task Force to complete its work and allow the Board to consider any report and recommendation, and

Whereas, the Board of Commissioners will continue the current ongoing short term rental code deliberation process until such time as the Task Force completes its report by the end of three months and the Board has decided what the next step will be: to 1) finalize a current draft code for final adoption, 2) amend current draft code for final adoption, or 3) consider other steps needed to draft and adopt a final code within year 2021, and

Whereas, this Task Force is not required by code or resolution to be created and convened by the Board of Commissioners, but instead may be created and convened at the discretion of the Board, and will exist for a period not to continue past April 23, 2021 unless extended for good cause by resolution at a later date;

NOW, THEREFORE, BE IT RESOLVED as follows by the Chelan County Board of Commissioners:

1. The above recitals are hereby adopted as findings and conclusions herein.
2. Chelan County does hereby amend Resolution 2020-159 and Resolution 2021-11 and create a non-regulatory advisory ad hoc Short Term Rental Task Force expiring on April 23, 2021.
3. The members of the task force will be comprised of 9 (9) members, as follows:

Three member participants and one alternate who represent the interests of short term rental owners in Chelan County,

Three member participants and one alternate who represent the interests of residential neighborhoods and housing affordability in Chelan County, and

Three current or past members from the Chelan County Planning Commission who participate within the process.

4. The Chelan County Department of Community Development will provide logistical, scrivener, and technical support to the Task Force, either through county staff or contractor, at the discretion of its Director.
5. The Chelan County Department of Community Development will create a report from the Task Force with any recommendations to the Board of Commissioners no later than May 7, 2021.
6. The Board of Commissioners may need to consider extending the existing short term rental moratorium Resolutions 2020-86 and 2020-104 under the provisions of RCW 36.70A.390, before the February 23, 2021, expiration date, in order to allow the Task Force to complete its work and allow the Board to consider any report and recommendation.
7. The Board of Commission will continue the current ongoing short term rental code deliberation process until such time as the Task Force completes its report by May 7, 2021 and the Board has decided to either finalize a current draft code for final adoption, or amend current draft code for final adoption, or consider other steps needed to draft and adopt a final code within year 2021.
8. This Task Force creation is in the best interests of good government and the public health, safety, and welfare.

DATED at Wenatchee, Washington this 26 day of January, 2021



CHELAN COUNTY BOARD OF COMMISSIONERS



 BOB BUGERT, CHAIRMAN

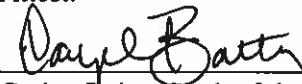


 KEVIN OVERBAY, COMMISSIONER



 TIFFANY GERING, COMMISSIONER

Attest:



 Carlye Baity, Clerk of the Board
 Dated: 1-26-21

MEMORANDUM

TO: Chelan County Short-Term Rental Task Force
FROM: Chelan County Board of Commissioners
DATE: 25 January 2021
SUBJECT: Instructions for Task Force Dialogue

Thank you for agreeing to serve in this important process to address a difficult issue that affects many in our County. To make your time and effort as efficient as possible, we provide these instructions on the framework and scope for your upcoming discussions.

First, the Chelan County Comprehensive Plan, with its attendant codes and policies, is the foundation for the work of the Task Force. In all your deliberations, you should refer to our adopted codes and the language in the Comp Plan to address any ambiguities or uncertainties related to short-term rentals.

Second, the Chelan County Planning Commission—and the Board of Commissioners—devoted considerable time, analysis, and resources into the development of the draft ordinance that you are to provide recommendations on. This draft is also based on comments received from several hundred constituents. That draft code should therefore also be used as the basis to begin dialogue; the final two versions of the ordinance (8 December and 22 December) should be used as a starting point.

Through the public comment process, we are satisfied that the majority of our constituents—including those who represent both the STR owners and the neighborhoods—are in support of strict operational standards (septic compliance, noise, contact person availability, etc.) and enforcement. Those sections of the draft ordinance are established, so the Task Force should not address that part of the draft ordinance. You may discuss how the standards can be reached, but not whether to do them.

Third, there are specific issues which have broader implications and therefore are important in our goal to have an equitable and practical ordinance. The most important issues for the Task Force to consider are listed here, in priority:

- Which areas should short-term rentals be allowed—and how should we address the issue of having rentals in residential zones?
- In those zones that will allow short term rentals, what are the limitations (for example, should a minimum lot size be a criterion for limiting rentals in specific zones)?
- How do we address the issue of “grandfathering” in existing rentals, and whether we should allow transferability of permits?
- What should be the “cap” on the number or percentage of rentals within a given area (i.e., zip code or subarea)?
- How do we get to that cap, in the present, and in the future?
- How do we put a cap on the occupancy levels for Tier 1, 2, and 3 rentals?

We believe that you already have a reasonable understanding of these issues, but we encourage you to consult (individually or collectively) with our Community Development Director Jim Brown or our Technical Consultant Lisa Grueter for any background information or data that you may need. They are there to serve you.

Fourth, we ask that the Task Force complete its work by 23 April 2021, allowing Jim and Lisa adequate time to prepare the report with your recommendations and conclusions to the Board of Commissioners by 7 May 2021. As he has a strong background in consensus-based group dialogue, we are authorizing your facilitator Michael Nash with considerable latitude to manage the group in the way that he sees best. Mike will set the group rules, operating procedures, and communications plan, if needed. He has the authority to ask a member not to participate if he believes it is in the best interests of the group and its charge.

Last, and perhaps most importantly, we appointed you because we believe that you have the temperament and ability to listen, to engage, and seek consensus. It is our hope that you will be able to provide consensus recommendations on the issues described above. You may receive unwarranted criticism from some in our community, but please bear in mind that we will support you in this important effort. We also remind you that your report to us will be recommendations, and not necessarily incorporated verbatim into the final code. That is the role of the Board of Commissioners.

Copies to:

Jim Brown, Community Development Director
Michael Nash, Task Force Facilitator
Lisa Grueter, BERK Consulting



BOARD OF COMMISSIONERS
CHELAN COUNTY

STATE OF WASHINGTON
COUNTY ADMINISTRATION BUILDING
400 DOUGLAS STREET, SUITE #201
WENATCHEE, WA 98801
PHONE (509) 667-6215 FAX (509) 667-6599

Attachment C

Chelan County Short-Term Rental Task Force
c/o Michael Nash
Nash Business Consulting
18527 Hazel Street
Leavenworth, WA 98826

April 26, 2021

Dear Members of the Short-Term Rental Task Force—

It is with great pleasure that we send you this letter of appreciation for your diligent and collaborative work to address the key short-term rental issues in our County. We asked you to provide recommendations on seven complex and controversial questions related to the management of short-term rentals—and we asked you to address these in a fairly-limited time frame. Not only did you successfully complete this assignment on time, but in doing so you offered some creative and intelligent approaches to resolve some of the more challenging issues the Board of Commissioners (Board) was considering. That is a remarkable achievement that clearly demonstrates your collective willingness to listen, to work together, and to think outside of the box. For that we sincerely thank you.


The Board has asked our Community Development Department to provide a report by May 7 that summarizes the Task Force's recommendations. We fully intend to incorporate most—if not all—of the report into the draft code, which will be considered for adoption this summer after appropriate public review.

Your work on this Task Force exemplifies all that is good in Chelan County. You willingly dedicated yourselves to a task that took a great deal of your time and energy, and required tremendous diplomacy, interpersonal skills and integrity. Because of you, Chelan County is a better place to live, work, and raise a family. Thank you for your service.

Sincerely,

Board of Chelan County Commissioners


Bob Bugert, Chairman



Kevin Overbay, Commissioner



Tiffany Gering, Commissioner

Cc: Jim Brown, Community Development

Lisa Grueter, BERK Consultants

Dear Commissioners Bugert, Gering, and Overbay:

We want to thank you for the opportunity that you have given to STR owners, operators, managers, and associated small businesses. For years STR stakeholders have been reaching out requesting to be included in the process to resolve issues surrounding STRs. We also acknowledge that, at times, individuals and groups within our sector have made collaborative work difficult. The opportunity and resources you have provided, and the trust you placed in us, are much appreciated. We hope that the return on that trust is a tremendous positive impact on the STR code. We wanted to add a few additional comments to the Task Force’s consensus report, relating to the task force process, some details that we did not get to discuss in the task force, and issues that were outside the scope of your charge to the task force.

Task Force Process

We appreciate the time and effort that all task force members gave to reach some middle ground. We would like to specifically thank Kari, Carl, and Randy for their extra time working with us “across the aisle” to craft reasonable proposals. Their input and collaboration were instrumental to our group creating well-balanced and thoughtful proposals that we put forth to the entire task force.

We would like to acknowledge and thank Jim and Lisa for their time and patience as our two sides walked through this process. We particularly appreciated Jim’s honest and pragmatic approach to help keep both sides on track. Finally, we would like to thank Mike for his time, humor, and expertise. Finding consensus was not an easy task, and the structure and logic of the process were not always apparent in the moment. But though the process felt chaotic, particularly in a very rushed final meeting, Mike did bring our two sides grudgingly together.

Issues Not Discussed

Unfortunately, the Task Force was not able to consider every aspect of the draft code, nor even to discuss every detail of issues that were within our scope of responsibilities. One issue of significant concern to neighbors and operators alike is preventing overloaded septic systems. We presented some written proposals on how to better regulate vacation rental septic loads, but we did not get to dig into this issue in our discussions. We also presented a recommendation for dealing with people who were trapped by the moratorium, and wanted to share that as well, along with some recent survey results. Finally, we presented a recommendation for how to manage grandfathering eligibility in the Manson UGA, a third topic that was not addressed by the entire group. These issues are summarized in the table below.

Issues not addressed in task force discussions, but within scope	
<p>Moratorium Provide the Director with discretion to grandfather properties that:</p> <ol style="list-style-type: none"> Had approved unexpired building permits issued before August 25, 2020 where the applicant noted on the building permit 	<p>Our proposed criteria are an attempt to look out for people who acted in good faith, while avoiding a rush of people claiming retroactively to have bought for STR purposes.</p>

<p>application form that it was intended to be used as a short term or vacation rental, and was constructed and issued a certificate of occupancy within six months of the effective date; AND/OR</p> <ol style="list-style-type: none"> Were purchased by the current owner in a sale that closed in 2020 and was pending on or before August 25, 2020, provided that the owner can provide evidence from before August 25 2020 of STR-specific investments or intent to operate it as an STR. Examples of evidence include but are not limited to: communications with realtors, property managers, cleaners, architects, builders, or county staff; preparation of draft listings or advertising materials; or permit applications indicating intended STR use. 	<p>STRACC recently surveyed its members and independent STR operators, specifically presenting the survey as focusing on the moratorium. Some 137 people responded to the survey, a group likely biased toward those adversely affected by the moratorium. Among this group, there were 17 that met the criteria for discretionary consideration that we have recommended: a property that was purchased or pending before August 25 2020, had not hosted guests before the moratorium start, but have evidence of their intent to start an STR, such as communications with realtors, property managers, cleaners, architects, builders, or county staff; preparation of draft listings or advertising materials; or permit applications indicating intended STR use.</p>
<p>Manson UGA Eligible for grandfathering if they hosted guests and paid taxes between July 28 2019 and August 25 2020, <u>plus either</u>:</p> <ol style="list-style-type: none"> They held a valid 2019 and/or 2020 permit if they hosted guests in 2019 and/or 2020, respectively. If they hosted guests without a permit in 2019 or 2020, payment of double permit fees for each prior year of operation without a permit within the UGA. <p>Penalties collected from those in group 2 above, will be put into an enforcement fund to pay for extra code enforcement officer time during evening and weekend hours during high season in Manson.</p> <p>(STRs in Manson but outside the Manson UGA are eligible for grandfathering on the same terms as the other unincorporated areas of the county.)</p>	<p>The intent here is to be consistent with principles recommended for the rest of the county, while recognizing that permits have been required in Manson for some time.</p> <p>Those who had a valid permit and paid taxes should be eligible for grandfathering on the same terms as those elsewhere in the county.</p> <p>Payment of double permit fees is consistent with Chelan County’s fee structure for after-the-fact permits as specified in CCC 16.14.030 and 3.24.020.</p> <p>Assuming an average of 2 years of unpermitted operation per STR, a penalty of \$1000 per year (double the annual permit fee of \$500), and 75 STRs electing to pay the penalty, this would yield \$150,000 for the code enforcement fund.</p>
<p>Water Efficiency Measures In the near term, we recommend allowing STRs that can document reduced per-guest septic loads (or water use) to petition for a commensurate increase in occupancy that will keep total septic loads within design limits.</p>	<p>Consider, for example, a three-bedroom septic system designed to handle 360 gallons per day. Septic limits are based on keeping total flow within 360 gallons per day, whether that comes from six guests each generating 60 gallons/day, or eight guests each generating 45 gallons/day. Since high-efficiency showers, dishwashers, clothes washers, and toilets can significantly reduce wastewater loads, this provision would provide a significant source of flexibility to operators while encouraging water conservation and doing no harm to septic systems.</p>
<p>Septic Requirements Study In the longer term, we recommend that Community Development work with CDHD to understand how</p>	<p>Short-term rentals may plausibly generate higher or lower per-person septic flows than full-time residences. Per-person flows might be</p>

<p>the different use profile of STRs (e.g. more intensive use over shorter periods of time) compared with full-time residences affects septic tank and drain field capacity.</p>	<p>lower due to less clothes washing as guests take laundry home with them, or people showering less frequently than when working. On the other hand, higher flows could result from on-site laundering of sheets and towels, or extra showers before/after swimming or hot tub use. Additionally, the timing of flows both within days and between days likely differ from full-time residential use.</p>
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Issues Outside the Task Force’s Charge

Looking to the future of the code development and implementation process, the STR group wants to remain earnestly engaged and to serve as a resource to the BOCC and Community Development where appropriate. The task force did not address at all any of the details of operating standards and other elements of the draft code. However, based on prior drafts from December and earlier, our view is that the draft code can be significantly cleaned up, clarified, and simplified. We believe that doing this will improve outcomes by making the code easier for STR operators and neighbors to understand and easier for the County to enforce. Once we see the modified version of the draft code from this task force process, we plan to submit a document highlighting our positions on the positive and negative aspects of the draft code outside of the scope of the task force’s responsibilities. Finally, we strongly encourage you to reconvene a task force to evaluate the efficacy of the new STR code post-implementation, and to consider any necessary adjustments.

Conclusion

In closing, we would like you call attention to language from Sadie DiNatale’s Oregon study on STRs, which has featured prominently throughout the code development process (emphasis in original):

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

We think this inclusivity is embodied both in the spirit of this task force’s formation and the substance of its recommendations. We believe it is a critical component in creating and administering a smart, simple, and enforceable STR code, and we encourage the BOCC to aim for such a conversation in ongoing implementation and evaluation of its STR code.

Sincerely,
 Zelda Holgate
 Don MacKenzie
 David Donovan
 Sean Lynn

April 25, 2021

TO: Board of County Commissioners

FROM: Ken Longley, John Agnew, Kirvil Skinnarland and Kari Sorenson

RE: Recommendations regarding STR ordinance

We appreciate being part of the Task Force and the opportunity it presented to influence the Short Term Rental ordinance provisions. The Task Force dealt with issues at a high level so there are many details still to be worked out. With that in mind, we have the following suggestions for you and Jim Brown to consider as the ordinance is being drafted.

1. **Enforcement** – We continue to have major concerns about the County’s commitment and capacity to enforce this ordinance. The record of enforcement by the Sheriff’s office has been poor. We believe the STR folks share our concerns about the importance of enforcement. The ordinance needs to have significant fines for violation of the ordinance and the remedy of cancelling permits upon the third violation. Response to complaints must be prompt and assertive.
2. **Transparency** – We believe that a computerized system of permit application, approval and tracking needs to be established that is easily accessible to the public. Undoubtedly, there are other jurisdictions that have already developed such systems so we hope that one can be readily procured and adapted for the County’s use. The reality is that residents’, in most cases, will be the “ears and eyes” for the County in monitoring STRs. Residents need to be able to access information on what STR owners have stated on their applications as well as the conditions imposed on STR permits. Further, the public must have access to records of complaints and the actions taken by the Sheriff’s office.
3. **Permit Applications** – Applicants for STR permits must be required to disclose all the names of the owners. This is especially important for LLCs, corporations, partnerships, and trusts.
4. **Immediate Compliance for Health and Safety** – We believe that compliance must be required immediately with the building permit issued for the dwelling including the limit on bedrooms per the septic permit. In addition, compliance with fire safety codes must be required immediately.
5. **Noise** – Both the Residents’ and the STR groups agree that noise is one of the major concerns associated with the presence of STRs in residential neighborhoods. We believe the County’s noise ordinance is too general and difficult to enforce. We suggest the County consider adding language to the ordinance similar to what was adopted in Cathedral City, CA:

In addition to the noise standards identified in chapter 11. 96 of the code, no radio receiver, musical instrument, phonograph, compact disk player, loudspeaker, karaoke machine, sound amplifier, or any machine, device or equipment that produces or reproduces any sound shall be used outside or be audible from the outside of any unit used for short term vacation rental. Any machine, device or equipment that amplifies music inside any short-term vacation rental shall not be heard beyond the property line of the short-term vacation rental at all times.

6. **City of Leavenworth** – As you know, the City of Leavenworth banned Tier 2 and 3 type rentals in all their residential zones about 4 years ago. The result of this decision has been the construction of new, specially designed STR complexes in the commercial areas of Leavenworth adjacent to the downtown. This is a good example of an outcome that results from good planning policies and land use regulations.

7. **New Commercial Zones for STRs** – We believe that a long term goal for the County should be to phase all Tier 2 and 3 STRs out of residential zoning. In order for this to happen, the County must designate appropriate areas for this type of development. We suggest that the Community Development Department be given the assignment of locating potentially good locations for additional commercial lodging facilities in the unincorporated areas and submit Comp Plan amendments so that future lodging is located in commercial zoning, away from residential neighborhoods.