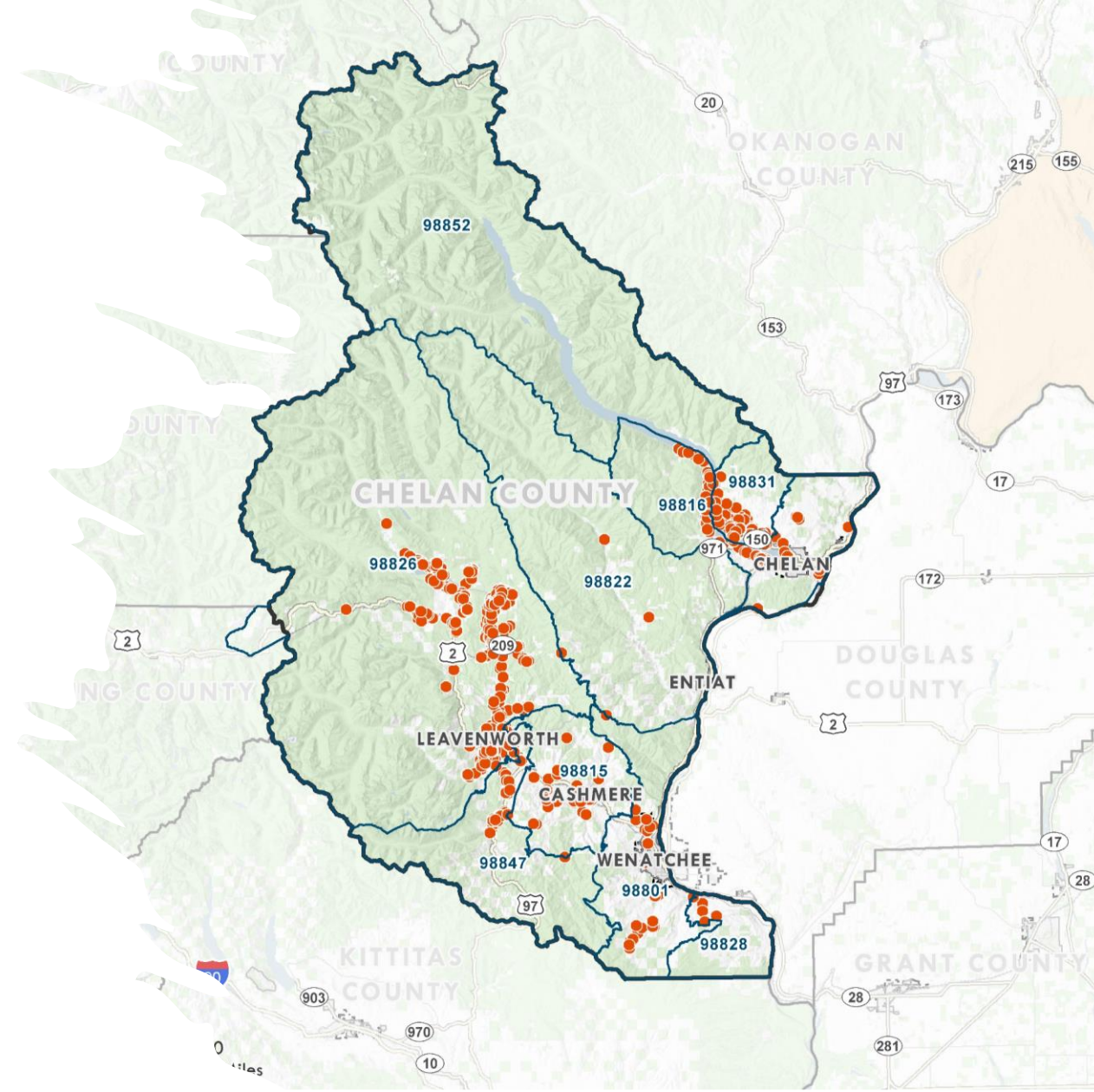


Short-Term Rentals

Chelan County
Board of County Commissioners
Study Session
August 11, 2020



8/11/2020



Topics

- History of Sunset Clause in Okanogan County
- STRs by Zoning District
- Shares of STRs by Zip Code - Updates

Sunset Clause in Okanogan County

- Basis for the amortization clause inclusion and later deletion is unclear due to staff retirements.
 - Awaiting potential background information from Prosecuting Attorney's office.
- News articles identify the amortization period as potentially an unintentional carry over of a prior provision for STRs to obtain CUPs in order to keep operating.

<https://methowvalleynews.com/2017/08/18/county-imposing-stricter-rules-for-nightly-rentals/>

Tier 2 & 3 STRs by Zoning District

Rural Chelan County

NOTE: Geographic location is accurate for most properties with some locations within 500 meters for privacy.

Zone	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC	Total
STR #	61	83	183	178	272	126	55	12	0	4	27	19	0	1,020
Share	5%	7%	15%	14%	22%	10%	4%	1%	0%	0%	2%	2%	0%	82%

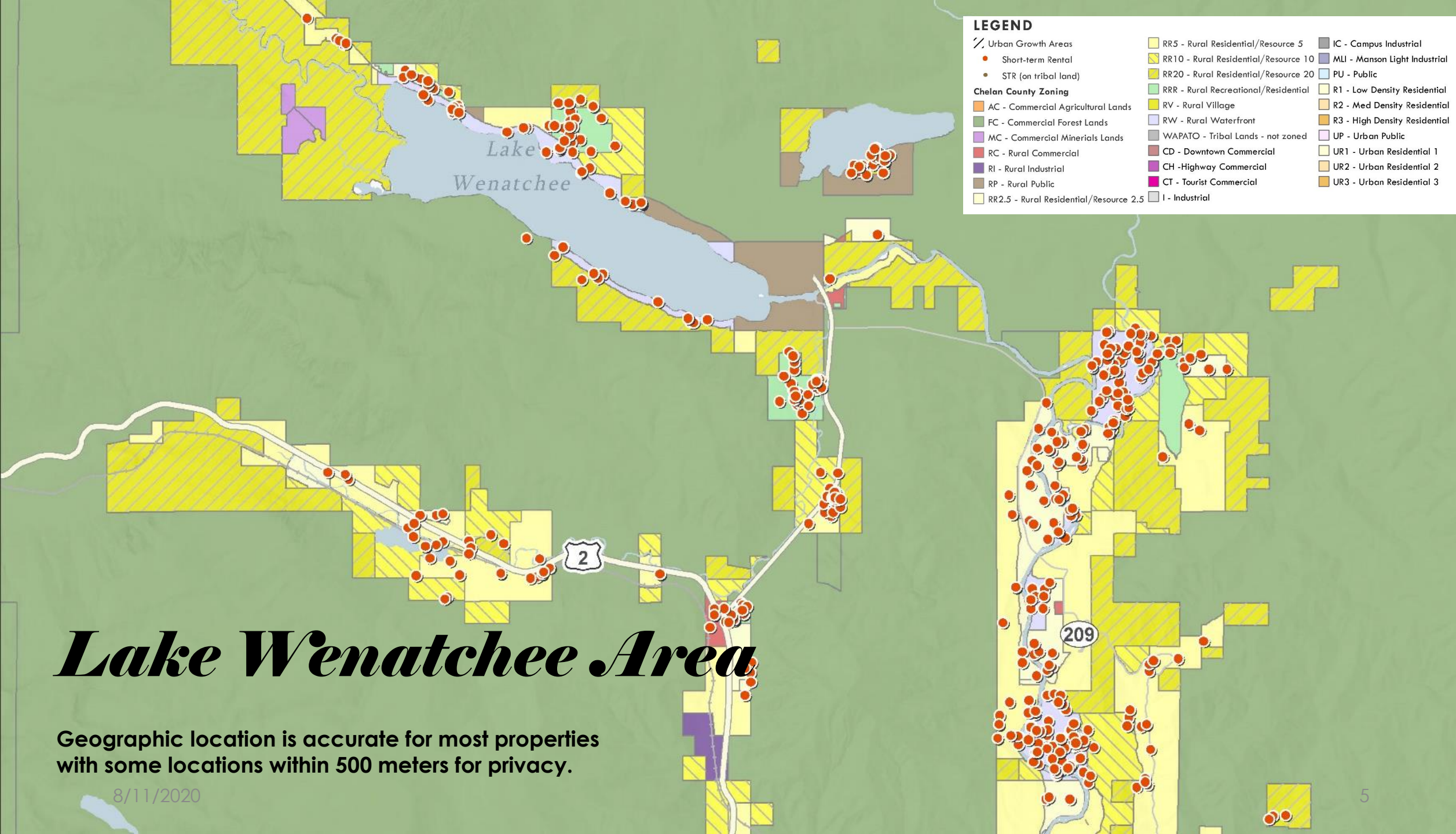
Manson UGA

Zone	UR1	UR2	UR3	CT	CD	MLI	UP	WAPATO	Total	Total Excl. Wapato
STR #	18	62	33	0	22	0	0	83	218	135
Share	1%	5%	3%	0%	2%	0%	0%	7%	17%	11%

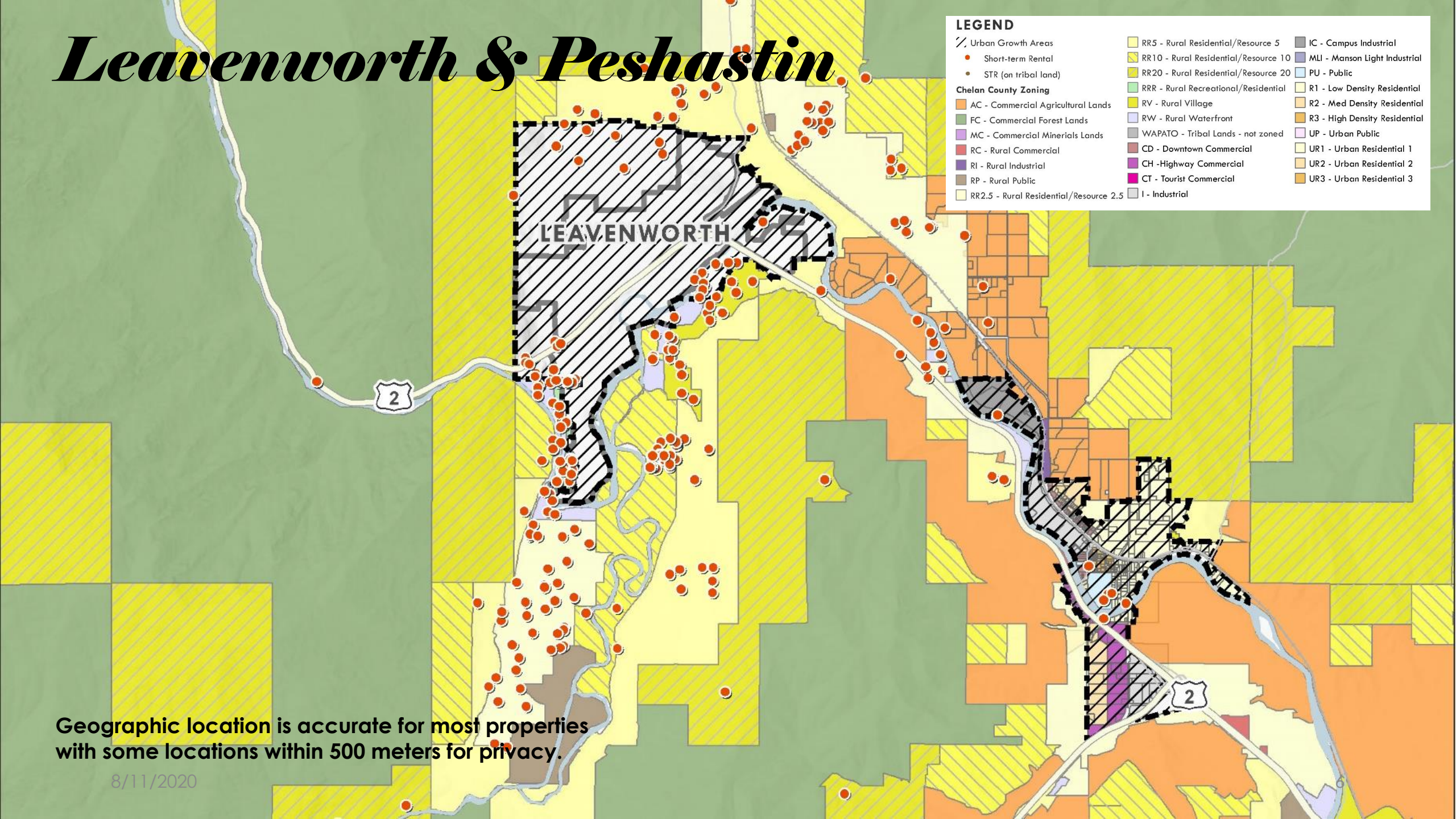
Peshastin UGA

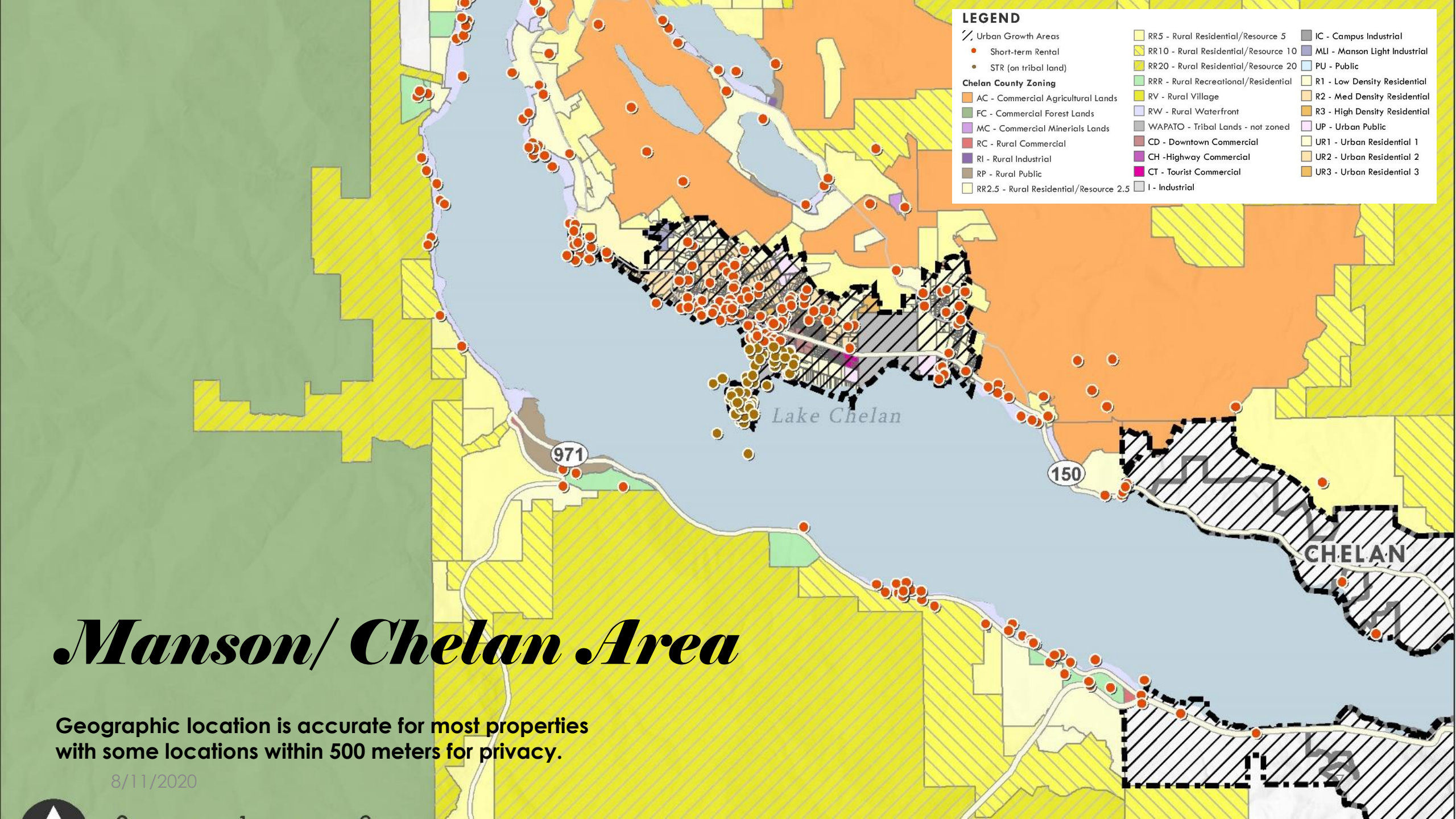
Zone	R-1	R-2	R-3	C-D	C-H	I	I-C	P-U	Total	Share
STR #	3	0	0	1	0	0	1	2	7	1%

Whole House
Rentals Jan
2020 AirDNA
STRs: **1,247**



Leavenworth & Peshastin





LEGEND

- Urban Growth Areas
- Short-term Rental
- STR (on tribal land)
- Chelan County Zoning**
- AC - Commercial Agricultural Lands
- FC - Commercial Forest Lands
- MC - Commercial Minerals Lands
- RC - Rural Commercial
- RI - Rural Industrial
- RP - Rural Public
- RR2.5 - Rural Residential/Resource 2.5
- RR5 - Rural Residential/Resource 5
- RR10 - Rural Residential/Resource 10
- RR20 - Rural Residential/Resource 20
- RRR - Rural Recreational/Residential
- RV - Rural Village
- RW - Rural Waterfront
- WAPATO - Tribal Lands - not zoned
- CD - Downtown Commercial
- CH - Highway Commercial
- CT - Tourist Commercial
- I - Industrial
- IC - Campus Industrial
- MLI - Manson Light Industrial
- PU - Public
- R1 - Low Density Residential
- R2 - Med Density Residential
- R3 - High Density Residential
- UP - Urban Public
- UR1 - Urban Residential 1
- UR2 - Urban Residential 2
- UR3 - Urban Residential 3

Manson/ Chelan Area

Geographic location is accurate for most properties with some locations within 500 meters for privacy.

8/11/2020

Shares of STRs by Zip Code - Updates

Correct March 30, 2020 Situation Assessment:
Account for city housing units: Exhibit 11, page 12
Does not change overall conclusions

Zip Code Community Name	Zip Code	Total Dwellings 2019	Total <u>Unincorporated</u> Dwellings 2019	January 2020 Active short- term rentals	% short-term rentals - Unincorporated
Leavenworth	98826	6,099	4,811	749	15.6%
Manson	98831	2,519	2,519	281	11.2%
Chelan	98816	5,333	2,492	97	3.9%
Peshastin	98847	956	956	53	5.5%
Wenatchee	98801	17,989	3,607	30	0.8%
Cashmere	98815	2,977	1,785	28	1.6%
Malaga	98828	908	908	5	0.6%
Entiat	98822	1,138	551	4	0.7%
Various	Various	836	836	0	0.0%
Total		38,672	18,466	1,247*	6.8%

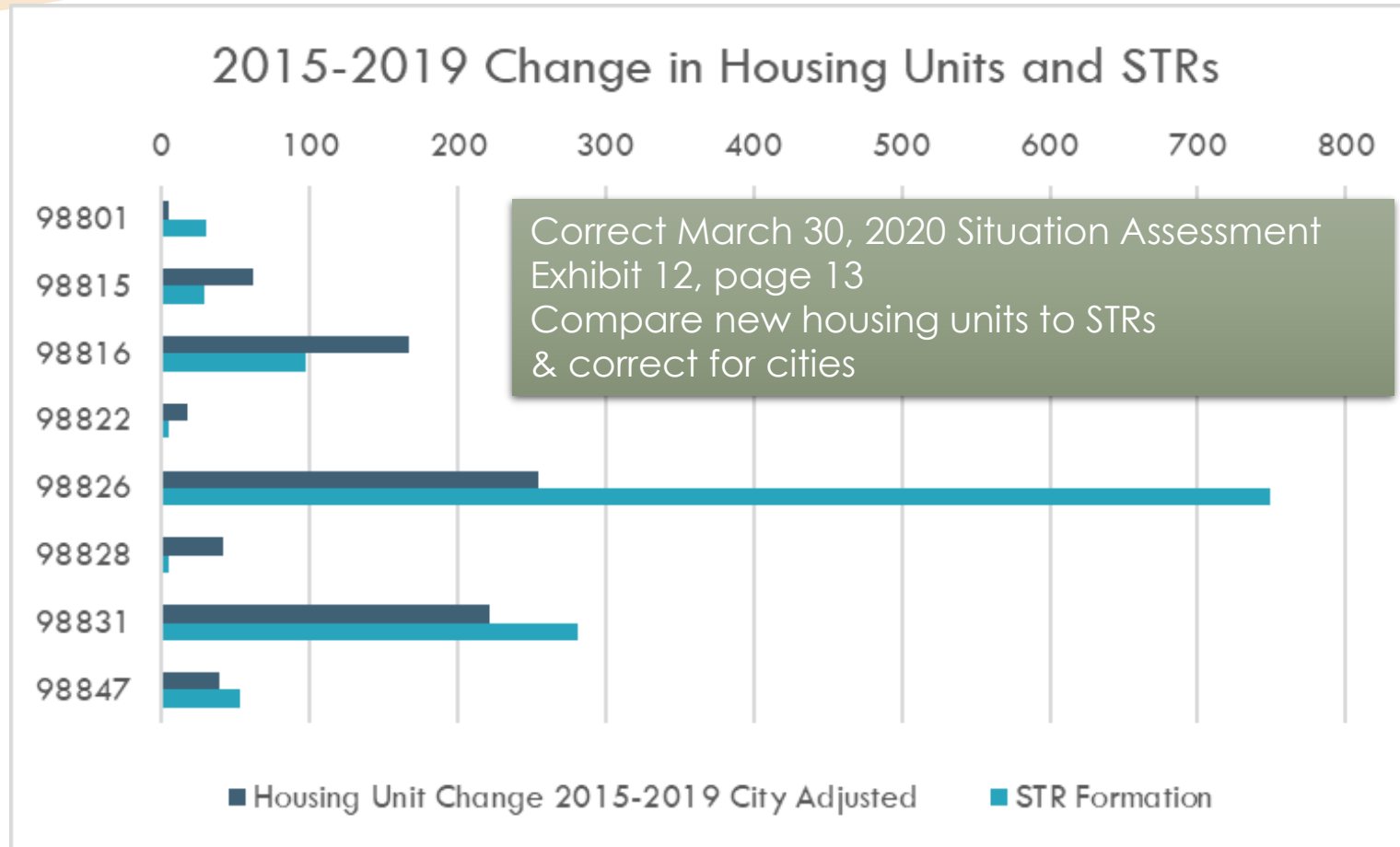
While correcting for city dwellings, same Zip Codes exceed 5% share of STRs:

- Leavenworth (higher)
- Manson (no change)
- Peshastin (no change)

Zip Codes with No STRs per AirD.NA

Zip Code Community Name	Zip Code	Total Dwellings 2019 (Unincorporated)
Ardenvoir	98811	37
Chelan Falls	98817	158
Dryden	98821	212
Monitor	98836	227
Stehekin	98852	203
	Total	836

Change in Housing Units and STRs



Higher formation of STRs compared to new housing stock in Zip Codes:


- Leavenworth (previously identified)
- Manson (new)
- Peshastin (new)

In Wenatchee, small formation of both dwelling units and STRs

These results are in line with other info about STRs as a share of total housing stock.

Appendix A: Planning Commission Proposal

BOCC Vision

- The Board of Commissioners intends to **adopt code that addresses the rapid proliferation of short-term rentals in Chelan County.**
- The BOCC wishes to **protect the character of residential communities across the county, while allowing for property-owner income from short-term rentals.** The BOCC recognizes that STRs are an important part of our economy. However, while many owner/operators manage their properties responsibly, many clearly do not.
- **Chelan County needs the tools to ensure that all STR owner/operators meet a minimum set of standards.** 
- **To ensure that these standards are met, the BOCC wishes to impose an annual registration fee for STRs to finance the following: fire marshal inspection, health district inspection, permit processing by Community Development Department, and code compliance cost recovery.** Enforcement should be sufficient to allow for closure of short-term rentals that repeatedly violate code.
- **Nothing in the code will be inconsistent with RCW 64.37 or with the Manson and Peshastin Urban Growth Areas.**
- The BOCC wishes to have this process completed **by August 2020.**

Those standards may include, but are not limited to:

- parking,
- garbage,
- noise,
- trespassing,
- privacy,
- septic capacity,
- fire risk,
- consumer safety,
- signs,
- hot tubs, pools and spas,
- occupancy limits by zone and neighborhood,
- density by zone and neighborhood,
- commercial and liability insurance,
- and the availability of STR owner/operators to respond to a complaint within a short-time frame.

Code Outline

- **Use Allowance Amendments**

- Chapter 11.04 District Use Chart
- Chapter 11.22 Peshastin Urban Growth Area
- Chapter 11.23 Manson Urban Growth Area

- **Supplementary Provisions And Accessory Uses**

- Chapter 11.88
 - 11.88.280 Short-Term Rental Regulations (new)

- **Conditional Use Permits**

- 11.93.450 (cross ref)

- **Fees**

- 3.24.010 Fee Schedule

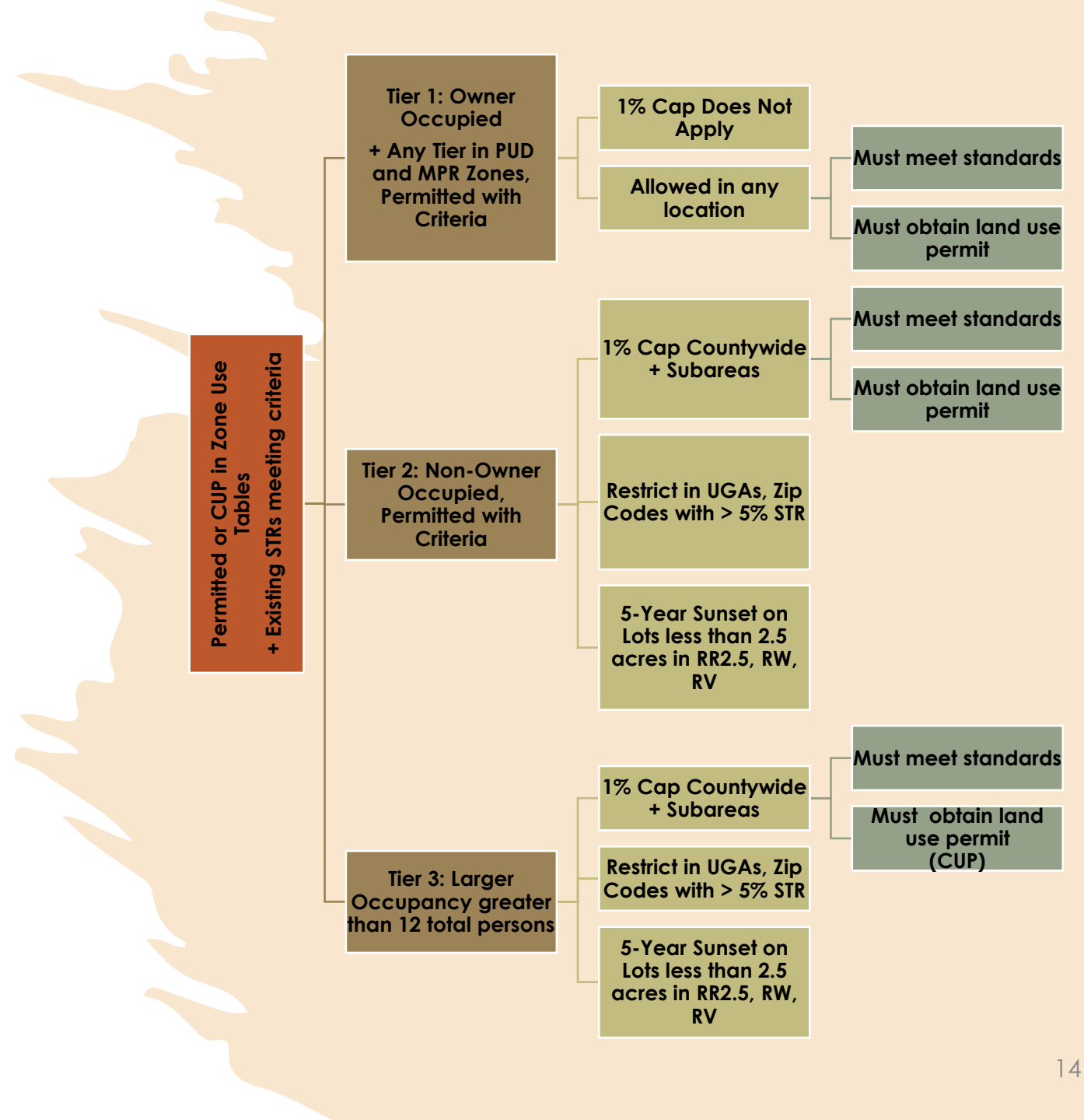
- **Definitions**

- 14.98
 - Person (amended)
 - Bedroom (new)
 - Short-Term Rental (new)
 - Short-Term Rental Operator (new)
 - Short-Term Rental Owner (new)

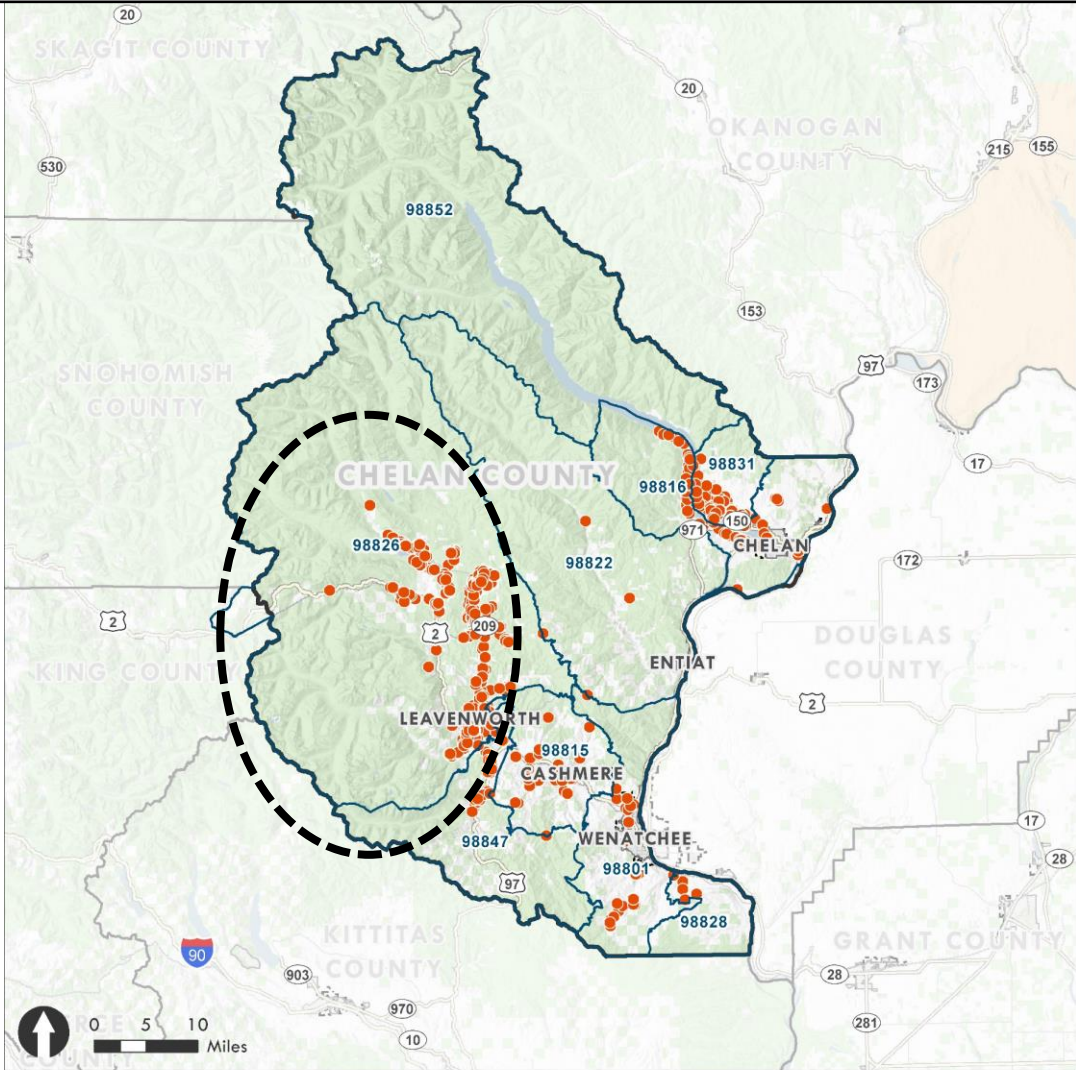
- **Enforcement**

- Title 16
- 16.20. Short-Term Rental Enforcement and Violations (new)

Proposed Short-Term Rental Regulation Process



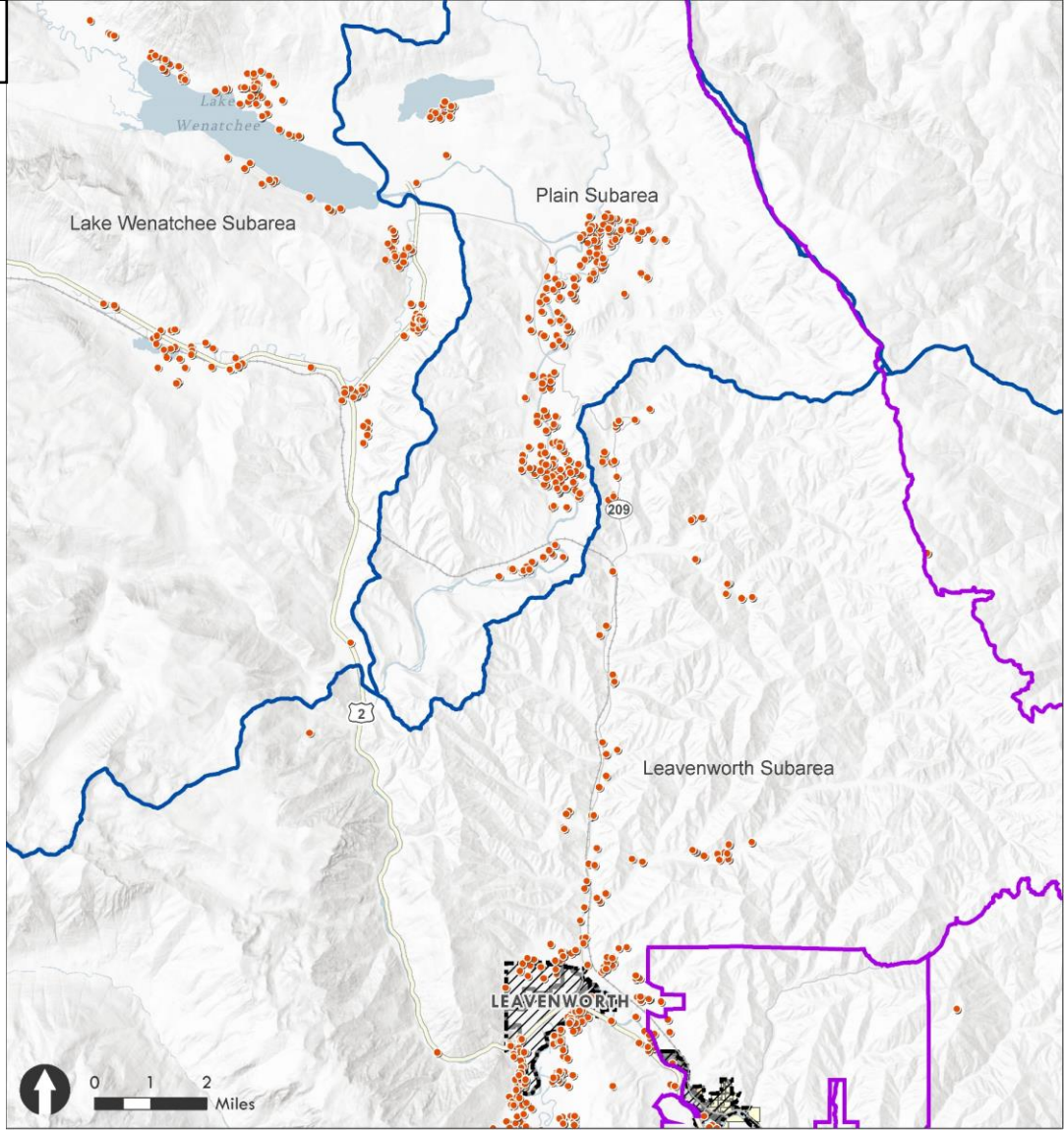
Boundary in Leavenworth-Lake Wenatchee Zip Code



- LEGEND**
- Short-term Rentals (est. 1,200 active)
 - ZIP Code Boundaries

BERK
Map Date: March 2020

Source: AirDNA, 2020.
Data notes: This data tracks individual short-term rental property level from AirBNB and HomeAway. The location data on individual properties is within 500 meters of accuracy. It shows only properties that are assumed to be in unincorporated areas and are listed as an entire home/apartment.



- LEGEND**
- Urban Growth Areas
 - Short-term Rental
 - STR (on tribal land)
 - Preliminary Boundaries
 - ZIP Code Areas

BERK
Map Date: May 2020

Source: AirDNA, 2020.
Data notes: This data tracks individual short-term rental property level from AirBNB and HomeAway. The location data on individual properties is within 500 meters of accuracy. It shows only properties that are assumed to be in unincorporated areas and are listed as an entire home/apartment.

Existing Units

(iv) Nonconforming Short-Term Rental Units in Restricted Zones:

Where a zone does not allow short-term rental units as of XXX [effective date] according to CCC Sections 11.04.020, 11.22.030, or 11.23.030,

only those short-term rentals that exist as of XXX [effective date] and

are compliant with criteria in subsection (iii) above, will be allowed as nonconforming uses.

Such uses may not be significantly changed, altered, extended, or enlarged and must cease after two years from XXX [effective date].

After expiration or revocation of the permit authorizing a legal nonconforming short-term rental, no operator shall operate a short-term rental.

(iii) Existing Short-Term Rentals: [All must show following]

(a) That similar uses were allowed in the subject zones at the time the short-term rental was established, including but not limited to: bed and breakfast, guest inn, boarding house, lodging facility, hotel/motel, or other transient accommodation; and

(b) That a location was used for short-term rental purposes during January 1, 2019 to XXX [effective date]. The Director may permit homes with approved building permits after January 2019, constructed within six months of the effective date of this ordinance to be considered as an existing short-term rental; and

(c) That all applicable state and local taxes were fully and timely paid for all short-term rental use that occurred prior to XXX [effective date], which at a minimum includes sales tax and hotel/motel taxes; and

(d) That the short-term rental meets all requirements of subsection (3); and

(e) That the short-term rental operator has obtained the required land use permits in subsection (4); and

(f) If located inside of the Manson Urban Growth Area, documentary evidence that the short-term rental was properly registered as a vacation rental with Chelan County per 11.23.040 as of XXX [effective date].

Task Force

- Voluntary
- Review effects of regulations and determine refinements or clarifications
- 24-36 months after passage of regulations
- Members:
 - 3 STR owners
 - 3 Homeowners
 - 2 Planning Commissioners
 - 1 CD Staff as Chair

STR Task Force

The Chelan County Planning Commission proposes to the Chelan County Board of Commissioners the forming of a voluntary Task Force in 24-36 months from the date of passage of the Chapter 11.88.280 Short Term Regulations. The purpose of the Task Force is to review the effects of the new regulations, and to determine if any refinement or clarification (of the code) needs to be made in order to address the performance and any issues that may have arisen during this 24-36 month period. Also, to assure that all aspects of the mission statement of May 20, 2020 issued by the Chelan County Board of Commissioners has been adequately addressed.

Considering the complexity of the issue at hand, it is felt such a review and possible recommendations would and could be beneficial for the county and its citizens. It is expressly not the purpose of the Task Force to rewrite the document (code), but merely to review its performance and suggest fine tuning points if any are felt necessary.

The Task Force would be composed of:

1. 3 - Owners of Short-Term Rental units
2. 3 - Individual home homeowners (non-STR owner)
3. 2 – Planning Commission Members
4. 1 - Community Development staff designee as Chairperson

Thank-you for your consideration.

Respectfully,

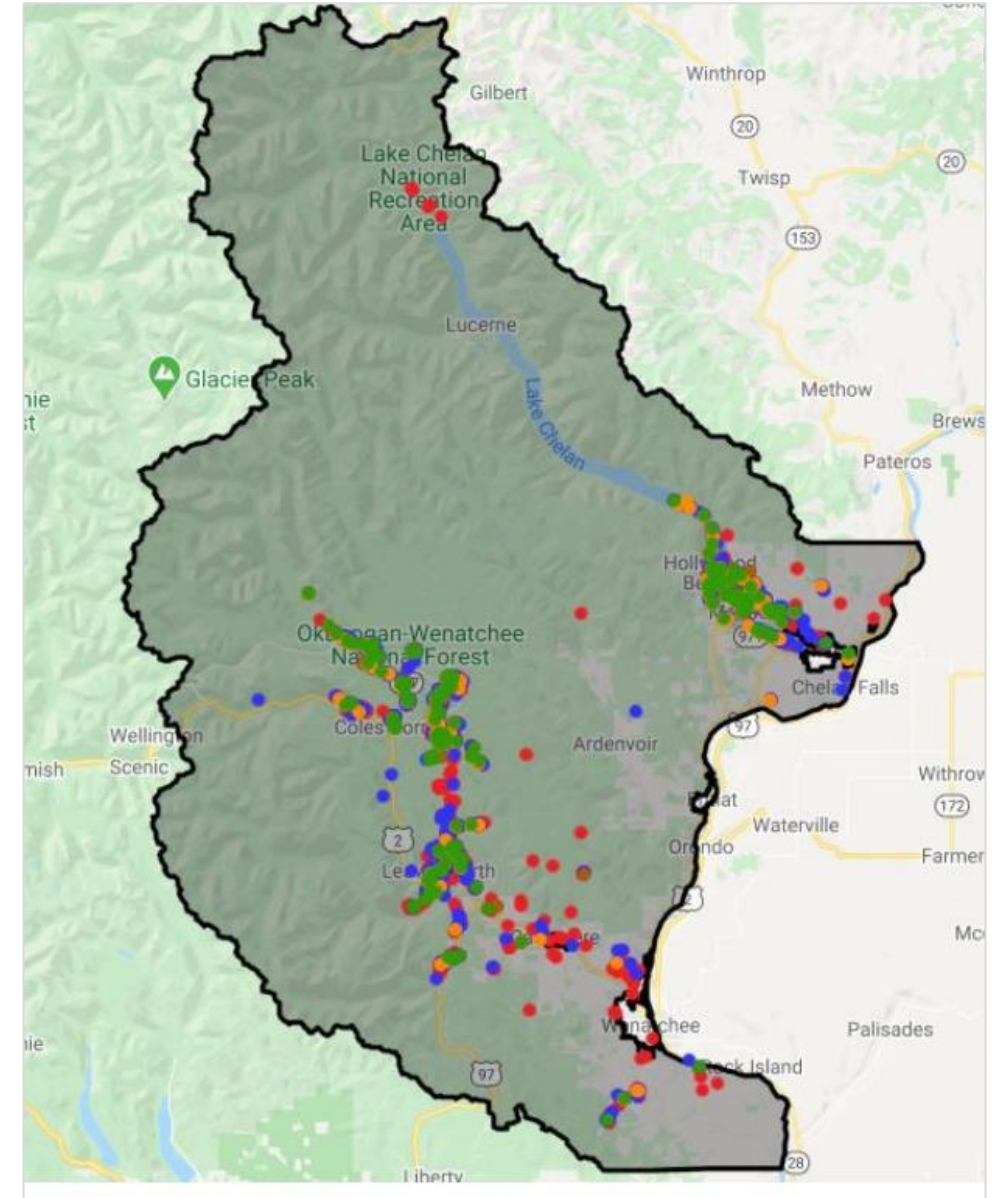
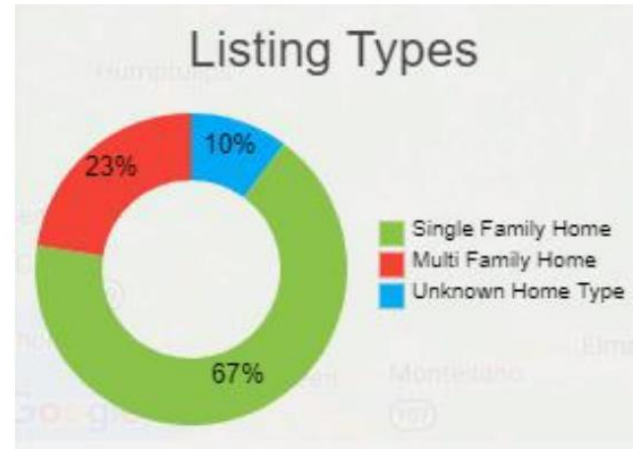
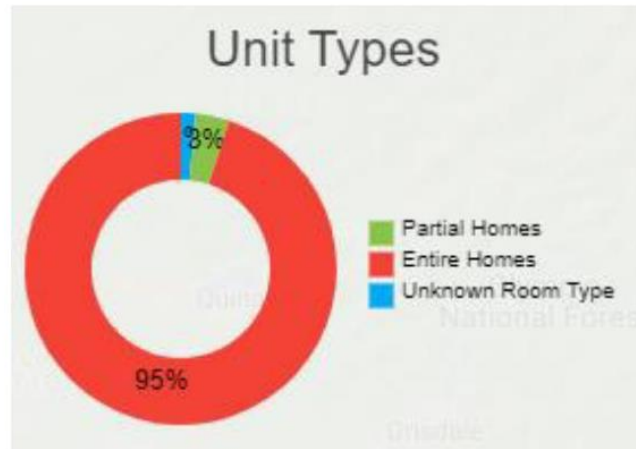
Chelan County Planning Commission

Appendix B: Background Information

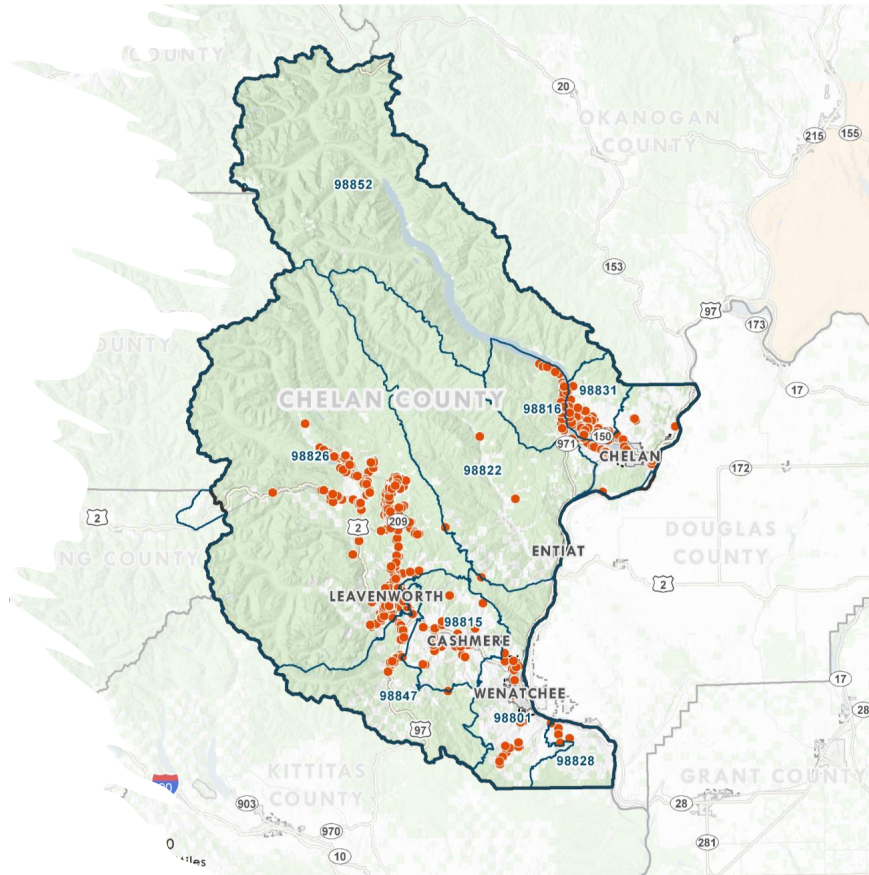
Background Information - STRs

- 1,535 unique rental units as of March 2020.
- Most short-term rentals are offered as entire homes, and most are single-family in format.

Host Compliance, March 2020



Data Available for STR Evaluation



- AirDNA
 - Addresses AirBNB & Home Away
 - Over 1,300 units as of January 2020
 - Majority of Units in Host Compliance Data
 - Reviewed growth and location information

Appendix C: Examples and Best Practices

Best Practices: Limits on Number and Type

Options	Considerations
<ul style="list-style-type: none">• Cap STR nights per year.<ul style="list-style-type: none">• Consider capping unhosted STRs rather than owner hosted STRs.• Cap number of permissible STRs.• Limit STRs to units used as Primary residences.• Prevent Conversion of Housing Stock (prohibit STR in structure recently constructed).• Consider limiting in ADUs where appropriate to preserve long-term rentals.	<ul style="list-style-type: none">• Existing Units and Nonconformities• Ease of Enforcement

[Sustainable Economies Law Center \(March 2016\)](#)

[MRSC \(November 2017\)](#)

Example STR Regulations - Standards

Community	Vary Zone or Location Allowed	Vary Permit (Zone, Owner-Occupied, Large)	Operation Standards	Permit System (annual)	Inspections	Cap or Distance	Restrict Transfer of Ownership	Sunset Clause	Custom Non-conforming Rules
Chelan County, WA (Draft)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes (some)	Yes
Clallam County, WA	No	Yes	Yes	No	Yes	No	NA	No	No
Jefferson County, WA	Yes	Yes	Yes	No	Yes	Yes	No	No	No
Okanogan County, WA	Yes	Yes	Yes	Yes	Yes	No	No	No (removed)	No
Pacific County, WA	Yes	Yes	Yes	Yes	Yes	Yes (pending)	Yes	No	No
Pierce County, WA	No	No	Yes	Yes	Yes	No	No	No	No
San Juan County, WA	Yes	Yes	Yes	Yes	No	No	No	No	No
Spokane City, WA	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
Walla Walla City, WA	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes
Bend, City, OR	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Cannon Beach, City, OR	Yes	Yes	Yes	Yes	Yes	No (removed)	Yes	Yes	No
Newport, City, OR	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes
Ventura County, CA	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes

Shaded 4% or more of STRs

Options for Chelan County

- Set Cap Countywide on number of permits or by Area Impacted
 - Ease of Implementation
 - Set specific numeric cap for first 1 or 2 years in code for Type 2 or 3 STRs to allow time for permit resources to be addressed
 - Simplify areas restricted from new Type 2 or Type 3 STRs
 - Confirm % share of STRs desired to address affordability and concentration
 - Limit in Zip Codes > X%* **5% recommended in Oregon study and by PC*
 - Limit in UGAs
 - Determine if other areas should be limited
 - e.g. if 5% is applied countywide through all unincorporated areas this would also limit new STRs in low concentration areas

Sunset Clauses & Transfers

- Sunset Clauses
 - Applied in Oregon and California examples, and other states
 - Not applied in reviewed Washington counties and cities
 - Was in Okanogan County Code and then removed
 - Could further limit when/where used
- Transfer limitations used in some high concentration communities
 - Restrict transfers/sales – e.g. no transfers, time-limited transfer, one transfer
- Additional Option:
 - Stricter non-conformity rules
 - For example, if STR not in use for 6 months rather than 12 months, as well as if not maintaining consistency with standards and annual permit

Permitting Options & Resources

- Existing STRs
 - Address Community Dev. staff and Hearing Examiner resources
 - Permitted STRs:
 - Lengthen time for provisional approvals
 - CUPs
 - Reduce CUPs
 - Permit Type 1 STRs in resource zones since owner-occupied
 - Permit Type 3 STRs on RR20 properties (large lot)
 - Allow for administrative CUPs – amend code authority (e.g. 14.04.020 Director and 14.04.050 Hearing examiner)

Coordination with Cities

- Interlocal provides for County application of City regulations
- STR Code proposes that STRs be allowed according to city allowances where County has adopted the standards but following County review procedures

Distinction – Timeshares and STRs

Timeshare

- Definition: Buy a period of time at a unit in a resort – fixed or variable time. Could exchange your time for another.
- Site is meant for resort use.
- Resorts are managed professionally.
- On-site amenities and activities.

STRs

- Definition: Rental of a home/room for less than 30 days.
- Proposed code does not count STRs in Master Planned Resorts or PUDs in the permit cap.
- If timeshare owner advertises as STR and must pay state taxes, it should be subject to annual permit.
 - Some timeshares in Chelan city limits acted like STRs and were treated as such. They paid state taxes. The City regulated them.