

MEMBERS PRESENT:

Michael Preedin Mayor
Jennifer Letz Councilor
Gary Ross Councilor
Susan Cobb Councilor

ABSENT:

Andrea Blum Council President

STAFF PRESENT:

Jordan Wheeler City Manager
Joe O'Neill Finance Director
Kerry Prosser Assistant City Manager
Scott Woodford CDD Director
Paul Bertagna PW Director
Matthew Martin Principal Planner

Mayor Preedin called the workshop to order at 5:33 p.m.

1. Short-Term Rental Code Policy Discussion

Planner Martin reviewed a presentation on evaluating the city's current short-term rental (STR) program. He was seeking the Council's input on potential changes to the code.

He covered the regulatory framework for short-term rentals, defining them as dwelling units rented for less than 30 days. He reviewed the regulatory history, starting from 2010, when vacation rentals were first regulated, leading to the adoption of more detailed standards in 2018.

Key elements of the current regulations include Type 1 land use approval, a 250-foot concentration setback, and the restriction of one short-term rental unit per property (with exceptions for condominiums and commercial districts).

Councilor Letz asked what the difference was in the definition of condominium vs. apartments or multi-family units. Planner Martin replied the structure for multi-family units involved four or more dwelling units on one property, typically seen in apartment complexes. Condominiums, on the other hand, were characterized by individual unit ownership. Transferability of short-term rental permits was limited, especially for newer permits under current standards. New property owners would need to reapply, and their eligibility was dependent on concentration limits. However, permits established before 2019 could be transferred to new owners, but this must occur within 60 days of the new owner taking possession or recording the deed.

Councilor Ross asked if pre-2013 non-conforming permits were subject to the transferability rule. Planner Martin explained that if a short-term rental was established before the regulations were established, as a non-conforming use, it could be transferred. He did not believe there was a limit on the number of transfers. Councilor Ross asked if that could be changed. Planner Martin replied typically, such uses could continue as long as they were not abandoned and were considered to "run with the land." However, further legal

investigation was needed to confirm if limiting future transfers of these non-conforming permits was possible.

Councilor Letz asked if someone in the non-conforming use category sold the property and the new owner did not want an STR; when the property was sold again, would the availability of the STR still be attached to the property. Planner Martin said non-conforming uses must be utilized; there was an aspect of abandonment that applied to the use after one year.

Councilor Cobb asked for clarity about the operating license for STRs. Planner Martin explained the operating license code stipulated that a business and operating license must be obtained or applied for by June 30th each year. A 20-day grace period was built into the code to allow for compliance. The Finance department was responsible for processing business and operating licenses and was diligent in sending reminders to renew and notifying those who had yet to apply within the required timeframe. Since the program's rollout, there had been an educational effort to help people understand the program. Additionally, enforcement policies had been developed to ensure compliance with the code, balancing strict enforcement and providing some flexibility in certain situations. Detailed information about the program's administration, including the process for sending reminder letters, could be provided in a follow-up discussion.

Councilor Ross asked about the transferability of the 57 permits issued between 2013 and 2018; he thought the transfer could be limited to only when the current license holder sold to the next owner. After that initial transfer, it would fall under the 2019 to present category, and the license would not be transferable again, preventing it from cascading through the system repeatedly. Councilor Ross thought the ability to implement this type of restriction needed further examination.

Planner Martin reviewed various details related to short-term rental regulations. He mentioned the opportunity for on-site inspections, outlined the revocation parameters in the code (up to three violations leading to permit revocation), and discussed general business license requirements.

Planner Martin explained that only one business license was required for operators of multiple short-term rentals, and each short-term rental required a separate short-term rental operator's license. Both licenses need annual renewal by June 30th. He outlined the criteria for obtaining and operating a short-term rental, including providing contact information, maintaining safety equipment, having insurance, responding to complaints, and reporting rental activity and transient room tax payments.

potentially changing the buffer distance from the current 250 feet to a different distance, such as 300 or 500 feet. Further analysis would be conducted to evaluate the impact of this change on eligible units. Planner Martin asked for guidance from the Council on whether they wished to explore any of these options or if they had other ideas to address short-term rental-related issues.

Councilor Cobb agreed with the need to increase the buffer distance for short-term rentals but was unsure about the specific distance. She suggested doubling the current 250 feet or finding a middle ground between 250 and 500 feet; this would slow down the influx of new short-term rentals. She thought that the setbacks should include commercial areas. Councilor Cobb suggested excluding areas with homeowner associations (HOAs) from the regulations since these communities often restrict short-term rentals. Instead of a minimum number of short-term rentals, she proposed a percentage-based approach, such as limiting short-term rentals to 3% of the housing in the city. She recommended giving preference to residents when it came to short-term rental ownership, ensuring that those who live nearby could manage and respond to any issues more effectively.

Councilor Ross recommends tightening the transfer of short-term rental licenses, especially for units established before 2019, giving the new owner fewer rights than the previous owner. He supported increasing the concentration setback but thought 500 feet might be too large; he supported an increase but with a smaller buffer. Councilor Ross favored precluding short-term rentals upon expansion of the Urban Growth Boundary (UGB) or annexation but disagreed with excluding HOA areas from regulations. Instead, he suggested setting a standard across the City but allowing HOAs to have higher standards if they choose. He suggested considering restrictions on condominiums, particularly new construction or conversions into short-term rentals. Councilor Ross would like to consider restrictions on vacant land.

Councilor Letz was uncomfortable with grandfathering properties and different rules for different years. She found this approach clunky and would prefer a more uniform set of rules applied to everyone. Councilor Letz thought it was contradictory to allow short-term rentals when there was a housing shortage and requested that an option to ban short-term rentals outright be considered. She proposed using a percentage of square feet of livable space as a potential way to regulate short-term rentals.

Mayor Preedin disclosed he had a STR license.

Mayor Preedin thought there was a need for caution when addressing the issue of short-term rentals. He pointed out that some people saw short-term rentals as a valuable way to support the tourist industry, and an outright ban could lead to a loss of revenue. He expressed concern about overregulation and believed minor adjustments might be more

appropriate. He suggested that adjusting the buffer or setback requirement could be a straightforward solution that did not require significant changes. He mentioned the possibility of adding concentration buffers for condominiums, which he believed was a relatively simple adjustment.

Mayor Preedin was open to hearing opinions on STRs in the UGB. He asked if that were something we could codify now so any future UGB expansion would not be eligible for short-term rentals. Planner Martin said that could be included in any package of amendments.

Councilor Ross said the primary purpose for expanding the UGB and annexing land would be to create more housing for residents, focusing on long-term rentals rather than short-term ones. He would only support a UGB expansion if there were some restrictions on STRs.

Councilor Cobb said if we did not use the percentage idea that she suggested to limit STRs, restricting them within a UGB expansion would have the same result.

Mayor Preedin said expanding the buffer zone, especially if it included commercial areas, would effectively limit STRs. In Mayor Preedin's view, this approach implied a "what you see is what you get" situation. It did not outright ban anything but made it challenging for landowners to obtain licenses, acting somewhat like a moratorium without explicitly calling it one.

Planner Martin summarized the emerging themes from the discussion:

- Consider the expansion of the concentration buffer.
- Evaluate potential changes to concentration exceptions, including condominiums or commercial areas, and conduct further analysis.
- Explore non-conforming use and the possibility of regulating transferability differently to limit it.
- Discuss prohibiting short-term rentals in specific areas, especially within the UGB expansion zone.

Councilor Letz said it was important not to underestimate the significance of even a few houses returning to long-term housing. Substantial efforts were being made to address low-income housing challenges in the community, including partnerships to create a few units to accommodate teachers. Councilor Letz said that every housing opportunity counted and stressed the need to consider this when evaluating STRs.

Mayor Preedin said that if we increased the buffer, we were effectively capping the number where we were currently. He thought that by regulating and capping the number of STRs, the City could control their impact on housing availability. He opposed an outright ban on STRs; he thought it was too extreme.

Other Business – None

The meeting adjourned at 6:40 p.m.



Kerry Prosser, Recorder



Michael Preedin, Mayor