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Land Use & Environment Committee

Short Term Rental Regulations

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Title

Short Term Rental Regulations

Recommended Action

Committee Recommendation:

Briefing only. No action requested.

City Manager Recommendation:

Briefing only. No action requested.

Report

Issue:

Discussion on the draft staff recommendations for short term rental regulations.

Staff Contact:

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Presenter(s):

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Background and Analysis:

Short-term rentals, also known as vacation rentals, exist in Olympia neighborhoods as room rentals or rentals of entire living units, primarily in single family homes and multifamily units. City residents, property owners, and stakeholder groups (such as short-term rental operators) have shared their stories and first-hand experience renting, owning, and living adjacent to short-term rental units.

The Washington State Legislature has adopted some regulations for short term rentals (RCW 64.37). The City of Olympia currently does not have specific regulations addressing short term rentals. In 2019 the Land Use and Environment Committee directed staff to conduct a public process to establish rules that carry out the following six guiding principles:

1. Housing: Establish protections for the supply and affordability of housing.
2. Health and Safety: Identify unwanted behaviors and negative consequences.
3. Neighborhood Integrity: Minimize impacts and tensions between short term rentals and

neighbors.

4. Fees and Taxes: Ensure equitable permit and tax compliance.
5. Enforcement: Enact enforceable policies that improve building, safety, and accessibility requirements.
6. Economic Development: Ensure an equitable approach with existing local firms and providers and their employees, and enable revenue opportunities for existing residents.

A summary of the planning process and staff recommendations for short term rental regulations can be found at the attached link to the short-term rental project web page. The process included a survey, focus group meetings, and several lengthy comment periods regarding the guiding principles, optional approaches, and draft summary of recommendations. These comments and staff research of other jurisdictions and professional literature have guided the staff recommendations.

The staff recommendations begin with a primary definition of short-term rentals further separated into two types:

- Homestays - rental of an individual room within a residence occupied by the owner or a long-term tenant, to be permitted outright as a home-based business incidental to the residential use of the dwelling unit.
- Vacation Rentals - rental of a residential unit where there is no permanent resident, to require administrative review and approval of a land use permit.

Both types of short-term rentals would be required to obtain a city and state business licensing, show proof of primary liability insurance, remit all local and state taxes, post guidelines and emergency information on-site for guests, and have a designated local contact available 24/7 - all of which are also currently required by state law.

Additional regulations in the staff recommendations include:

- Limiting vacation rentals to a total of two (2) per property owner (this does not apply to homestays).
- Limiting short-term rentals to two (2) per parcel that contains a single-family house.
- Limiting guests to two (2) adults per bedroom and no more than ten (10) adults in total.
- For multifamily uses, short-term rentals would be limited to one (1) unit or 3% of the total units, whichever is greater.
- Prohibiting short-term rentals in accessory dwelling units unless they have already been legally established. (A six-month grace period to come into compliance will be provided for existing ADUs that were not legally established.)
- Permitting short-term rentals in all residential and commercial zoning districts (prohibited in Auto Services and Industrial zoning districts).
- Permitting short-term rentals in single-family, duplex, tri-plex, four-plex, townhouse and multi-family units.
- Requiring an additional parking space if renting more than two bedrooms separately in a homestay, and when renting more than two short term rentals on a property.

A more detailed briefing and explanation of the staff recommendations for regulating short-term rentals in Olympia will be provided.

Neighborhood/Community Interests (if known):

Short-term rentals have citywide impact. Staff provided a briefing to the Council of Neighborhood Associations (CNA) several times during the planning process. Short-term rentals have also been raised by community members and neighborhood representatives during the Missing Middle and Housing Options discussions as being closely related to concerns about housing affordability and neighborhood character and quality.

The Planning Commission has scheduled a public hearing on a draft ordinance that would implement these recommendations at its April 19, 2021, meeting.

Options:

1. Receive a briefing and discuss staff recommendations.
2. Do not receive a briefing or discuss staff recommendations.
3. Receive a briefing and discuss staff recommendations at another time.

Financial Impact:

Staff resources in Community Planning and Development have been allocated to this work effort. There may be increased costs to implement and enforce additional programs or regulations, if adopted.

Attachments:

Short Term Rental Project web page