



Planning Commission

Short Term Rental Ordinance - Recommendation

Agenda Date: 5/3/2021
Agenda Item Number:
File Number:21-0377

Type: recommendation **Version:** 2 **Status:** Filed

Title

Short Term Rental Ordinance - Recommendation

Recommended Action

Recommend approval of the attached ordinance to the Olympia City Council.

Report

Issue:

Whether to recommend that the Olympia City Council approve the attached ordinance adopting regulations on short term rentals consistent with guiding principles established by the City Council's Land Use and Environment Committee.

Staff Contact:

Leonard Bauer, Director, Community Planning and Development, 360.753.8206

Catherine McCoy, Associate Planner, Community Planning and Development, 360.570.3776

Presenter(s):

Leonard Bauer, Director, Community Planning and Development,

Catherine McCoy, Associate Planner, Community Planning and Development

Background and Analysis:

The Planning Commission held a public hearing on the short-term rental ordinance on April 19, 2021. After closing the public hearing, the Commission continued the matter to tonight's meeting for deliberations.

Background

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. However, in 2019 the City Council's Land Use and Environment Committee directed staff to conduct

a public process to propose regulations 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 attached ordinance recommended by city staff.

The ordinance includes a primary definition of short-term rentals that is consistent with state law, and is 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 currently required by state law.

Additional regulations in the ordinance 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) 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 in a homestay or vacation rental, and when renting two short term rentals on a property containing a single-

family home.

Neighborhood/Community Interests (if known):

Short-term rentals have citywide impact. Staff provided briefing to the Council of Neighborhood Associations (CNA) 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.

Options:

- 1) Recommend approval of the attached ordinance to the Olympia City Council.
- 2) Recommend revisions to the ordinance to the Olympia City Council.
- 3) Recommend the Olympia City Council not adopt short term rental regulations.

Financial Impact:

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

Attachments:

Ordinance

Short Term Rental Project Web Page