



Planning Commission

Short-Term Rental Status Update

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Title

Short-Term Rental Status Update

Recommended Action

NA. Status update only.

Report

Issue:

Briefing from staff introducing an overall scope of work for addressing short-term rentals, including key policy areas and methods for engaging the community and key stakeholders.

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Presenter(s):

Leonard Bauer, Deputy Director, Community Planning and Development
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Background and Analysis:

Short-term rentals are one of the best known and widely used examples of the rapidly growing sharing economy. Some of the most commonly known online short-term rental platforms include: Airbnb, HomeAway, VRBO, and Flipkey. Some of these platforms are owned by larger travel-related companies, such as Expedia, Priceline, and Trip Advisor. Nationwide data provided at the 2019 National Planning Conference showed that 25 percent of all overnight stays are in short-term rentals. This is an 82 percent increase since 2016. More than 80 percent of short-term rentals are entire living units, as opposed to room rentals. Fifty-seven percent of these units are single-family houses; 43 percent are multi-family units.

A complimentary search in April 2019 by Host Compliance, a company that assists local governments with short-term rental regulations and enforcement, revealed 166 listings and 140 rental units in Olympia (see attached map).

City Councilmembers and staff have received requests from bed and breakfast operators and hoteliers to look into a perceived regulatory and cost advantage for short-term rental operators, who

may not have the same level of local and state regulatory, tax, and licensing requirements.

City staff provided an overview of policy issues related to short-term rentals at the May 2018 Land Use and Environment Committee meeting. Since that time, planning staff were diverted to other priority projects. Staff have now completed additional research, including other cities' approaches to short-term rentals. The Land Use and Environment Committee received a status update at its July 18, 2019, meeting and provided direction to staff for this work effort.

Project Purpose and Intent

The city's zoning code does not currently define a "short-term rental." As a result, properties advertised and used as short-term rentals are not currently regulated differently than a long-term rental property.

The purpose of this project is to establish clear and objective standards for short-term rentals that protect public interests, promote fairness, help to meet our community's unique social and economic needs, and align with our community priorities.

Policy Decision Areas

Short-term rentals affect a number of public interests, including:

- Public health and safety - typically addressed by ensuring building and fire codes are met through a permitting and inspection process.
- Housing - ensuring short-term rental units are not occupying an inordinate portion of the local housing supply that would otherwise be available for long-term rental or purchase, nor creating significant upward pressure on long-term housing costs.
- Equitable taxes and fees - short-term rentals are a lodging business, and there is an equity issue regarding taxes and fees that are charged to other lodging businesses.
- Impacts to surrounding properties - addressing potential impacts to neighbors, such as parking, solid waste collection, and noise.
- Costs of enforcement - City costs for enforcement of additional codes and licensing or tax requirements. These costs could be for existing or additional staff, or for consultants that offer licensing and enforcement services to municipalities.

Other communities similar to Olympia have already taken steps to address these issues. Their processes and adopted approaches, as well as current planning and legal literature provide a good framework for considering these policy questions.

Staff will provide an overall proposed scope of work to address short-term rentals in Olympia.

Neighborhood/Community Interests (if known):

Short-term rentals have citywide impact. In response to neighborhood interest, staff provided a briefing to the Coalition of Neighborhood Associations (CNA) in July 2017. Short-term rentals have also been raised by community members and neighborhood representatives during the Missing Middle housing discussion as being closely related to concerns about housing affordability and neighborhood character and quality.

Options:

NA. Status update only.

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:

Map
Informational Guidebook