



Land Use & Environment Committee

Summary of Draft Short-Term Rental Regulations

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Title

Summary of Draft Short-Term Rental Regulations

Recommended Action

Committee Recommendation:

Information only. No action requested.

City Manager Recommendation:

Information only. No action requested.

Report

Issue:

Whether to receive a briefing on a draft summary set of regulations for short-term rentals.

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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.

Cities and towns across the state, region, and country have developed rules for regulating short-term rentals differently in each jurisdiction based on the values, culture, and uniqueness of their communities. Regulations range from little or no regulations to outright prohibition of short-term rentals in residential zoning districts.

Bellingham applies a tiered land use review approach:

- Type I - primary residence of the applicant, maximum of two (2) bedrooms, limit of rental days per year, registration and permit fee of \$375.
- Type II - dwelling unit primary residence of applicant, maximum of five (5) bedrooms, maximum of 90 days per year, registration and permit fee of \$550.
- Type III - dwelling unit non-primary residence, maximum of five (5) bedrooms, no limit on days per year, registration and permit fee of \$847.

Redmond and Renton take a limited approach to regulating short-term rentals, requiring a business license, no compliance monitoring, some limitations on the number of units. Leavenworth has prohibited short-term rentals in all residential zoning districts. Various other approaches include fixed caps on the number of short-term rental units in residential zones, proximity restrictions, minimum stay requirements, limits on commercial activities, food and alcohol limitations, and notification to adjacent properties.

These draft regulations proposed by staff begin with a primary definition of short-term rentals further separated into two types:

- Homestays - would be much like Home Occupations are now, permitted outright as a home-based business incidental to the residential use of the dwelling unit.
- Vacation Rentals - would require administrative review and approval subject to current permitting criteria and regulations.

Draft regulatory options include requiring proof of city and state business licensing, proof of primary liability insurance, and remittance of all local and state taxes - all of which are currently required.

Operational standards include:

- Limiting short-term rentals to a total of three (3) per property owner.
- Limiting short-term rentals to two (2) per parcel.
- Allowing short-term rentals in legally established accessory dwelling units.
- Permitting short-term rentals in most areas of the city.
- Permitting short-term rentals in single-family, duplex, tri-plex, four-plex, townhouse and multi-family units subject to all other limitations.
- Good neighbor guidelines would be provided in every rental room and unit along with emergency contacts and posted copies of license and permit number.

A briefing and explanation of a summary draft set of regulations for regulating short-term rentals in Olympia will be provided.

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:

1. Receive the presentation on short term rentals.

2. Do not receive the presentation on short term rentals.
3. Reschedule the presentation on short term rentals.

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:

Summary Draft Regulations