



MEMORANDUM

DATE: September 9, 2021

TO: Mayor and City Council

FROM: Bryan Snodgrass, Principal Planner, Community and Economic Development Department; Jason Nortz, Development Review Division Manager, Community and Economic Development

RE: September 20 workshop review of the Short-Term Rental Housing

In response to a recent citizen concern about the lack of regulatory enforcement of short-term rental (STR) housing activity, this issue will be discussed alongside the update of the Housing Code Updates project at the September 20 Council workshop. This memorandum is intended to summarize readily available information on the current short-term rental market in Vancouver, related experience elsewhere, and options and implications for exploring regulation and enforcement practices locally. This memorandum is provided separately in recognition of the different complexities and enforcement implications involved, which would likely require a separate process with longer timelines to address than the various components of the existing Housing Code Updates project.

Current Vancouver Market

The following local metrics were obtained from Host Compliance, a private monitoring company:

- There are approximately 270 existing STR units in the City of Vancouver.
- The number of Vancouver STR units has increased 165% from 2016, but there are almost 100 fewer STRs now than the start of the pandemic
- 80% of STRs are in single family homes, 18% in multi-family homes, with the remainder undetermined. Of all STRS 71% of all rentals are the entire home rather than a room or portion of an occupied home
- The median nightly rental rate is \$118
- Geographically, the STRs spread throughout the City with a modest concentration in downtown and west side neighborhoods.
- Approximately $\frac{3}{4}$ of advertised rentals are through Airbnb, almost $\frac{1}{4}$ through Expedia/VRBO, and others.

The national and regional STR market is most focused on large cities and vacation destinations. Seattle has over 4000 Airbnb units and Portland over 3000 according to AIRDNA. The busiest northwest locality appears to be Bend, OR, with approximately one STR unit per three residents (per

IPX1031). Vancouver has approximately one STR per 700 residents according to the above data, and approximately 270 short term rental units, out of approximately 72,500 households in the City overall.

Regulatory Environment

Statutory changes in 2019 under RCW 64.37 require short term rentals to register with the state and maintain liability insurance. STRs or their platforms must also remit applicable local, state, and federal taxes. These include occupancy, sales, lodging or other taxes which other forms of lodging are subject to.

Local government regulations overall are still evolving and detailed summaries were not available at report time. The Washington Municipal Research Service Center lists the Cities of Seattle, Tacoma, Kirkland, Spokane, Bellingham Leavenworth, Ilwaco, Poulsbo, Clyde Hill, Walla Walla and Westport as having or developing STR regulations as of 2017. Collection of taxes, mitigation of traffic and parking and noise, and compliance with safety standards faced by other lodging were cited as reasons for the regulations. Larger cities have also cited the need to retain more housing stock for long term rental opportunities to address affordability concerns and ensure residents have access to rental housing options.

A table highlighting the major regulatory provisions of other large and mid-size cities statewide is attached herein. It is based on readily available listings on-line and accordingly labelled draft.

Locally, Vancouver staff believes that most existing STR's do not meet Vancouver Municipal Code definitions of residential uses, and as such are not allowed in residential zones. Some STRs could meet Vancouver's definition a Bed and Breakfast, but in single family zones these would need to be limited to 1-2 bedrooms, be owner-occupied, and provide two off-street parking spaces. Three-to-six-bedroom B&Bs require submittal for conditional use permit review.

As with other activities, enforcement of existing STR's in Vancouver has been complaint-driven. Staff estimates less than a half-dozen inquiries have been received and no enforcement actions have resulted. Past comments, like the most recent citizen concerns, have focused less on current impacts than on the potential for future problems in the face of continued growth and investment.

Options

The emerging STR market has been acknowledged previously, including during the recent changes to Vancouver ADU standards introducing added flexibility in 2017. While the number of STRs in Vancouver remains low and is not being driven by ADUs, the overall trends of increasing popularity of renting full single and multi-family units is clear. Going forward, options to consider fall into the following general range:

- **Maintain the status quo.** STRs would continue to be considered commercial uses, but enforced only on a complaint-driven basis.
- **Increase enforcement.** All existing full unit listings would be contacted and advised that they are not in compliance with current standards unless they are located in a commercial zone or

compliant with Bed and Breakfast standards. Given the growing number of STRs, follow-up enforcement would likely require additional resources.

- **Monitor and report back.** Staff would more closely track local STRs and any related complaints and report back in six months to a year. If needed regulatory options consistent with the scale of local activities could also be provided.
- **Update code language to create a STR-specific regulatory framework.** Based on the experiences of other jurisdictions, it is clear that an updated regulatory framework for STRs would require a public process and significant investment of staff and other resources, and necessitate adjustments in current workplan priorities. Depending on the result of this process, there would also likely be long-term resource and budget implications associated with monitoring and enforcement of new regulations.

Staff recommends pursuing the third option, monitoring and reporting back. Although clearly increasing, the number of local STRs is still modest and problems appear to be very limited.

Draft summary of large/mid-size Washington cities' major STR provisions listed

Where allowed	Fees if applicable	Frequency of use	Parking or noise provisions	Other requirements
Seattle				
Allowed in structures established as dwelling units, but NOT RVs, tents, garages, boats, floating residences, live-work unites, and caretaker's quarters. Allow "legacy units"- those that were rented prior to Sept 30 2017 to operate in Downtown Urban Core, First Hill/Capitol Hill Urban Center	Seattle business license tax certificate and a Short-term rental operator's license (\$75 per unit)	Not mentioned	Not mentioned	As a general rule, Short term operators can only operate two units- one being the primary residence and the other can be in any dwelling unit owned by operator.
Spokane				
Permitted in all residential zones	Application fee \$150 and Renewal fee of \$100 every year; Liability insurance; Spokane Business License	May only be rented up to 30 days	Follows Spokane municipal code 17c.230- Minimum ratio is 1 stall per 1,000 gross square feet of floor area	Total number of guests per bedroom is 2; Must maintain a guest log
Tacoma				
Renting 1-2 rooms allowed within all single family districts; Renting 3-9 rooms requires CUP in R-3, R-4L, R-4, R-5, RCX, and NRX Districts (these are generally residential districts that allow duplex, triplex, and multifamily dwellings).	Business license	Guests may only stay up to 30 days	Not mentioned	Must live in home if renting rooms or separate unit such as ADU. If renting the entire home, operator not required to live on site.
Bellevue				
Single family districts allowed but MUST be owner-occupied- this is considered a boarding housing. Non owner occupied is considered a rooming house which is not allowed in single family zones.	Business license; Home occupation permit	Not mentioned	Not mentioned	Term used is "transient lodging or room rental". Max of two rooms for rental and maximum of two lodgers/renters.

Kent				
Permitted in all residential zones	Business license, \$51; state lodging tax, 1% on overnight stay	Stay is limited to 30 consecutive nights	Not mentioned.	Owner must live at the home being rented at least six months per year.
Renton				
Doesn't specify	Business license \$125	Stay must be less than 30 continuous days.	Additional parking for guests, pursuant to Title IV RMC, one additional space is required if unit is owner-occupied.	Applies only to those who advertise through an online market place, uses a property manager, engages in renting unit more than three times a year. Must be owner occupied.