



MEMORANDUM

DATE: June 27, 2022

TO: Eric Holmes, City Manager

CC: Chad Eiken, CDD Director

FROM: Jason Nortz, Development Review Manager, CDD

RE: **June 27 City Council workshop review of Short-Term Rentals**

This memo is to serve as an update to City Council on the current short-term rental market in the City of Vancouver. Staff previously provided a briefing memo on short-term rentals (STRs) to City Council on June 13, 2022 and also as part of the Housing Code Workshop on September 9, 2021.

Please refer to the briefing memo (Attachment A) for a comprehensive summary on the current STR market in the City of Vancouver.

While the number of STRs in Vancouver represent a very small percentage of total households (roughly 0.4%), operating STRs in single-family homes and multi-family units is increasingly popular. STRs are addressed in a variety of ways across the United States, and the industry is changing rapidly, so there is no “one size fits all” ordinance for regulating STRs. Approaches to regulation vary based on a community’s location, economic base (e.g., reliance on tourism), and social and economic concerns. Local regulation should be adapted to fit the local circumstances and policy objectives.

Policy issues for Council consideration include:

- Maximize the availability of affordable housing options. Allowing whole-house STRs may impact the supply of housing, such as small houses and accessory dwelling units that could otherwise provide rental housing.
- Ensure that STRs are taxed in the same way as traditional lodging providers to ensure a level playing field and maintain local service jobs.
- Ensure that the city does not lose out on lodging tax revenue.
- Minimize public safety risks and the noise, trash and parking problems often associated with STRs.
- Give property owners the option to utilize their properties as STRs to help them make ends meet.

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- Give citizens the option to utilize their properties to generate extra income from STRs.
- Encourage additional tourism to drive more business to downtown stores and restaurants.
- Improve community safety by ensuring STRs meet all minimum building and fire code requirements.

Regulatory Options

Government regulations overall are still evolving. 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 (Attachment A). Cities have cited collection of taxes, mitigation of traffic, parking and noise, and compliance with safety standards faced by other lodging as reasons for implementing STR regulations. Larger cities have also cited the need to retain more housing stock for long-term rental opportunities to address affordability concerns.

Locally, City of Vancouver staff believes that STRs do not meet existing Vancouver Municipal Code definitions of residential uses and are considered commercial uses. STRs are not allowed in residential zones, however they are allowed in a majority of our commercial zones as a Commercial and Transient Lodging use (e.g., hotel/motel).

As with other activities, enforcement of existing STRs in Vancouver is complaint-driven. Staff estimates that the City has received fewer than six inquiries about STRs. The City has received feedback about noise, trash, and parties in regard to specific properties. At least two community members mentioned calling VPD, most likely regarding parties or noise. Most of the concerns from the public have focused less on impacts from existing STRs than on their impact on supply of housing and the potential for future problems in the face of continued growth and investment.

Recommendation

Staff requests Council consider the following options as next steps.

1. **Develop an immediate regulatory response/ammend the code to allow STRs.** Given the minimal amount of STRs (currently 0.4% of total households) our preferred approach would be to allow STRs to operate in residential zones but develop a permit process so the City has more control, can track revenues (business license, lodging tax) and conduct basic life safety inspections (smoke/carbon monoxide detectors, egress, etc...). This could be run as a pilot program for a year at which point staff could review if changes to the current rules are required. Amendments to the land use and development code would be required for this option. Any amendment to the land use and development code would go to the Planning Commission for a recommendation to Council.
2. **Maintain the status quo/begin proactive code enforcement.** This requires continued investment of staff time, and resources for technical (software) support to review and verify online listings, and enforcement of the municipal code. Updates to the land use and development code would also be required to explicitly prohibit STRs in all residential

zones. Additional resources would likely be needed to effectively engage in proactive enforcement.

Attachment(s):

- A. June 13, 2022 Briefing Memo