



September 3, 2019

To: City Commission
From: Pete Walter, AICP, Senior Planner
Re: Recommended Scope - Short Term Rental Policy and Permitting Process

The Planning Commission requested that the City Commission direct the Planning Division to review the process and criteria for creating short-term or vacation rentals and make the process less onerous as well as adopt new standards as needed. The Planning Commission's request was forwarded to the City Commission for consideration during the code amendment review and the 2019-2021 biennium budgeting process. In response to limited staff resources, the City Commission decided to prioritize other projects such as the Comprehensive Plan Update and the request was not included in the City Commission Goals or the Planning Division work plan for the 2019-2021 biennium. The City Commission subsequently directed staff to broaden the code amendment process to include the requested project of amending the process and adding criteria as needed to make it easier for community members to use their property as a short-term or vacation rentals.

Short-term rentals (STRs), or vacation rentals, include the rental of part or all of a home, apartment or condominium for a limited stay (typically 30 days or less), typically on a nightly or weekly basis. The operator typically has a business license, pays income tax, self-employment tax and lodging/hotel tax. Operators may be owners, renters or property management companies who often advertise the units on websites such as Airbnb, Vacasa, HomeAway, VRBO, VacationRentals.com, Craigslist, or Booking.com.

The purpose of this memorandum is to provide a framework for the process of completing the short-term rental project. As the four person Planning Division, staff must process all development applications, support the Willamette Falls Legacy Project, the Beaver Creek Road Concept Plan Rezoning, the Transportation Demand Management Plan, implementation of the remaining code amendments, the Comprehensive Plan Update project, administer nearly a handful of boards/committees, code enforcement, assist the community with questions, etc. As a result the resources available to dedicate to this project are extremely limited. Staff identified a project framework we are able to implement. At this time we request the Commission provide confirmation that:

- The City Commission would like to move forward amending the regulations for short-term rentals at this time to make the review process easier and adopt more standards as needed; and
- The City Commission agrees with the project approach identified within this memorandum. If additional process or resources are needed, staff recommends delaying the project until after the Comprehensive Plan is complete so there is sufficient resources to dedicate to the project.

Project Framework

The project is anticipated to be administered by planning staff at minimal cost, without consultants, with targeted and direct input from the community. The approach includes multiple online surveys, open houses, and updates to the Citizen Involvement Committee. No advisory committee is proposed. The project would be advertised on social media, emails, posters, etc. This will allow a broad range of opportunities for public input and will allow the project to proceed in an efficient manner. If approved, staff would begin the project immediately and anticipate completion in mid April of 2020.

- Project Web Page
 - On-going information about the process and include all project meeting dates, public comments, work products, and opportunities for input on the process.
- Regular Citizen Involvement Committee (CIC) Presentations & Updates
 - Regular presentations and input from the CIC
- Emailed Updates
 - Regular updates to the neighborhood associations and the CIC
 - Regular notice via email and website of all work sessions, hearings and open houses.
 - Regular notice to project email list
- Posters and Flyers at Community Development, Police Department, Swimming Pool, Library, and City Hall to notify the public of the following:
 - General Project Information and How to Get Involved
 - On-Line Survey Opportunities
 - Open House Dates and Times
- Mail notice to addresses paying Transient Room Tax
- City Social Media
 - Facebook
 - Twitter
 - YouTube
 - Nextdoor
- Three On-Line Surveys – publicized on website, email to CIC, Neighborhood Associations, and Social Media
 - Simple survey design
 - Embedded on project website
 - Survey results to be published and advertised on website
 - Advertised to CIC, Neighborhood Associations, City Board and Groups, and on Social Media
- Open Houses (3)
 - Advertise 1 week in advance
 - Open Houses held 4 pm - 7 pm at City Hall or Library.
 - Opportunity to provide input and view comments
 - Opportunity to take survey online
 - Written feedback forms / survey
- City Commission Work Sessions (2)
- Planning Commission Work Session (1)
- Planning Commission Hearings (3)

- City Commission Work Sessions (2)
- City Commission Hearings (3)

Tentative Schedule	
1. Refine Approach	Sept 2019
City Commission Work Session #1: Project Approach	Sept 10
Launch Web Site	
Launch Email List	
2. Initial Outreach	October - 2019
CIC Meeting #1	October 7
Social Media, Emails, Posters	
Online Survey #1 and Open House #1: <ul style="list-style-type: none"> • What to Regulate / Not Regulate • Type of Approval Process • Concerns 	
Project Website	
3. Develop Policy	November - 2019
CIC Meeting #2	November 4
Online Survey #2 and Open House #2: <ul style="list-style-type: none"> • Policy and Approval Process Formulation 	
4. Refine Policy	December – 2019
CIC Meeting #3	December 2
Online Survey #3 and Open House #3: Feedback on Proposed Policy	
City Commission Work Session #2: Final Direction	Dec. 10
5. Adoption	January – April 2020
Planning Commission Work Session	Jan. 13
Planning Commission Hearing #1	Jan. 27
Planning Commission Hearing #2	Feb. 10
Planning Commission Hearing #3	Feb. 24
City Commission Work Session #3	March 10
City Commission Hearing #1	March 18
City Commission Hearing #2	April 1
City Commission Hearing #3	April 15

Current Code

Currently short-term rentals are defined as bed and breakfast inns/boarding houses in the code and are classified as a Conditional Use in all residential zoning designations. Per Oregon City Municipal Code (OCMC) 17.04.145, Bed and breakfast inns/boardinghouse are defined as:

"Bed and breakfast inns" means building(s) which provides overnight accommodations to the public for fewer than thirty consecutive days.

STRs typically require approval of a Conditional Use permit from the Planning Commission in residential zoning designations. The following standards are applicable:

17.56.010 - Permit—Authorization—Standards—Conditions. A conditional use listed in this title may be permitted, enlarged or altered upon authorization of the Planning Commission in accordance with the standards and procedures of this title. A conditional use permit listed in this section may be permitted, enlarged or altered upon authorization of the Planning Commission in accordance with the standards and procedures of this section. Any expansion to, alteration of, or accessory use to a conditional use shall require Planning Commission approval of a modification to the original conditional use permit.

A. The following conditional uses, because of their public convenience and necessity and their effect upon the neighborhood shall be permitted only upon the approval of the Planning Commission after due notice and public hearing, according to procedure as provided in OCMC 17.50. The Planning Commission may allow a conditional use, provided that the applicant provides evidence substantiating that all the requirements of this title relative to the proposed use are satisfied, and demonstrates that the proposed use also satisfies the following criteria:

- 1. The use is listed as a conditional use in the underlying district;*
- 2. The characteristics of the site are suitable for the proposed use considering size, shape, location, topography, existence of improvements and natural features;*
- 3. Development shall demonstrate compliance with OCMC 16.12;*
- 4. The proposed use will not alter the character of the surrounding area in a manner which substantially limits, impairs or precludes the use of surrounding properties for the primary uses listed in the underlying district;*
- 5. The proposal satisfies the goals and policies of the city comprehensive plan which apply to the proposed use.*

B. Permits for conditional uses shall stipulate restrictions or conditions which may include, but are not limited to, a definite time limit to meet such conditions, provisions for a front, side or rear yard greater than the minimum dimensional standards of the zoning ordinance, suitable landscaping, off-street parking, and any other reasonable restriction, condition or safeguard that would uphold the spirit and intent of the zoning ordinance, and mitigate adverse effect upon the neighborhood properties by reason of the use, extension, construction or alteration allowed as set forth in the findings of the Planning Commission.

C. Any conditional use shall meet the dimensional standards of the zone in which it is to be located pursuant to subsection B. of this section unless otherwise indicated, as well as the minimum conditions listed below.

D. In the case of a use existing prior to the effective date of the ordinance codified in this title and classified in this title as a conditional use, any change of use expansion of lot area or expansion of structure shall conform with the requirements for conditional use.

E. The Planning Commission may specifically permit, upon approval of a conditional use, further expansion to a specified maximum designated by the Planning Commission without the need to return for additional review.

17.56.040.G. Bed and Breakfast Inns. Upon approval of a conditional use application for a bed and breakfast inn, the planning commission shall include the following as additional standards and criteria:

1. *The bed and breakfast inn shall maintain all applicable licenses required by governmental agencies for the use described in the application.*
2. *All bed and breakfast inns shall be subject to design review. Special considerations for this use are:*
 - a. *Compatibility of the structure in appearance with the surrounding area;*
 - b. *Compatibility of the parking facilities in appearance and circulation of traffic with the surrounding area. Parking facilities shall also comply with Chapter 17.52;*
 - c. *Compatibility of the signage in appearance with the surrounding area. Signage shall also comply with Chapter 15.28;*
 - d. *The number of rooms to be used as overnight public accommodations shall not exceed four rooms in an underlying residential zone, or seven rooms in an underlying nonresidential zone;*
 - e. *The owner/operators shall reside in the bed and breakfast inn, or in a residence adjacent to the bed and breakfast inn.*
 - f. *The Planning Commission may allow up to an additional six non-guests to be served along with the guests at a meal.*

Potential Issue Summary

Revising the regulations to reduce the criteria and/or process for short-term rentals can be complex. Some items to consider include:

- The impact on long-term rental housing affordability
- Impact to household income / offset mortgage etc.
- Tourism
- More options for accommodations
- Cross-cultural exchange
- Neighbors can police properties
- Incentivize reinvestment in houses
- Adaptive re-use / building preservation
- An easier process could be more affordable
- Nuisances
- On-street parking
- Noise
- Loss of affordable rental housing
- “Livability” and “Compatibility”
- Building / fire safety
- Ability to enforce
- Stranger / crime issues
- The cost and time of review
- The amount and type of regulations

Neighborhood Impacts / Nuisances

STRs can cause concern for neighbors in terms of trash, noise, parking, etc. There are also serious considerations related to life, safety and the environment – such as access for emergency vehicles, building and fire code issues, etc. Staff anticipates that the majority of potential impacts associated with STRs can be regulated under existing codes though the City could also implement additional regulations. Examples of such additional regulations include:

- Limiting the number of STRs throughout the city or on a single property
- If the STR should be an owner's or renter's principal residence.
- Trial period with sunset and re-authorization
- Limits on commercial activities such as retreats / weddings etc.
- Owner Occupancy
- After Hours Point of Contact
- Maximum Occupancy or Number of Guests
- Maximum Days / Nights Rented per Year
- Off-Street Parking

Land Use Review Process

Staff anticipates that permitting could be streamlined through an administrative permitting review rather than requiring a Conditional Use approval in most cases. The majority of STRs could receive a streamlined review while more intense uses (i.e. STRs with commercial events / weddings), and / or STRs that exceed specific administrative regulations could trigger a higher type of land use permit such as a Conditional Use. The Conditional Use process requires a neighborhood meeting, public notice, a public hearing and allows for the imposition of conditions of approval by discretion of the Planning Commission, as well as for appeal to the City Commission and LUBA.

Relevant Comprehensive Plan Goals and Policies

The Oregon City Comprehensive Plan identifies goals and policies to assist us in proceeding with the project.

Goal 1.3 Community Education

Provide education for individuals, groups, and communities to ensure effective participation in decision-making processes that affect the livability of neighborhoods.

Goal 2.4 Neighborhood Livability

Provide a sense of place and identity for residents and visitors by protecting and maintaining neighborhoods as the basic unit of community life in Oregon City while implementing the goals and policies of the other sections of the Comprehensive Plan.

Goal 9.6 Tourism

Promote Oregon City as a destination for tourism.

Policy 9.6.6

Encourage private development of hotel, bed and breakfast, restaurant facilities and other visitor services.

Goal 9.7 Home-Based Businesses

Provide a supportive climate for home-based businesses.

Policy 9.7.1

Encourage home-based businesses that are low impact and do not disrupt the residential character of the neighborhoods in which they are located.

Policy 9.7.2

Encourage the support services that home-based businesses need.

Goal 10.1 Diverse Housing Opportunities

Provide for the planning, development and preservation of a variety of housing types and lot sizes.

Policy 10.1.5

Allow Accessory Dwelling Units under specified conditions in single-family residential designations with the purpose of adding affordable units to the housing inventory and providing flexibility for homeowners to supplement income and obtain companionship and security.

City Commission Direction

Staff requests the City Commission provide direction on the following:

- Confirmation if the City Commission would like staff to move forward amending the regulations for short-term rentals at this time to make the review process easier and adopt more standards as needed; and
- Confirmation if the City Commission agrees with the project approach identified within this memorandum. If not, please provide feedback. If additional process or resources are needed, staff recommends delaying the project until after the Comprehensive Plan is complete so there is sufficient resources to dedicate to the project.