

Draft MINUTES
City of Newport
Vacation Rental Ad-Hoc Committee Meeting #1
City Hall Council Chambers
Wednesday, January 31, 2018

AC Members Present: Carla Perry, Cheryl Connell, Braulio Escobar, Jamie Michel, Lauri Hines, Margaret Dailey, Don Andre, Bill Posner, Charlotte Boxer, Martha Winsor, and Pam McElroy.

AC Members Absent: Norman Ferber, and Bonnie Saxton.

Planning Commission Liaison Present: Jim Hanselman.

City Staff Present: Community Development Director (CDD), Derrick Tokos; and Executive Assistant, Sherri Marineau.

1. **Call to Order.** The meeting was called to order at 1:04 p.m.
2. **Introductions.** Tokos introduced himself. Each AC member introduced themselves and gave an overview of their backgrounds and why they wanted to be on the AC. Perry asked for any AC members who lived outside of Newport to disclose this to the other AC members.
3. **Disclosures.** Tokos passed out the memo from City Attorney, Steve Rich concerning conflicts of interest. He stated that anyone on the AC who thought they had a conflict of interest should disclose this. Hines said that she had a financial interest in renovating houses and would benefit from limiting Vacation Rentals (VRDs). She said she lived outside of Newport. Dailey didn't note any conflicts of interest. Andre disclosed he benefited as a VRD owner. Escobar didn't note any conflicts of interest. Michel disclosed she benefitted as a VRD manager. She said she didn't live in Newport but in Lincoln County. Posner, McElroy, Boxer, Windsor, Connell and Perry didn't note any conflicts of interest. Tokos noted that potential conflicts of interests were just a disclosure and if anyone had an objection to a conflict of interest, it would be captured on the record and there would be no requirement to recuse themselves. Perry asked if this applied to the Planning Commission. Tokos said it was the same for them as the AC and they would have to disclose conflicts as well.
4. **Review and Amend Agenda, As Needed.** Tokos asked the AC if they had any comments or amendments to agenda. None were heard.
5. **Committee Responsibilities.** Tokos started the discussion on AC responsibilities by reviewing his PowerPoint presentation with the AC. He reviewed the responsibilities and said he hoped the AC would attend some of the open houses. Connell said that "evaluating best practices" should include "relevant data" so the AC could use the data to evaluate. Tokos said there would be some types of data that would be shared and some that would be harder to provide. Hines said she could help with providing vacation rental data. Connell wanted to see data from the City such as violations brought to the City and actions taken on them.

Tokos covered the AC committee organization issues and said that the AC could elect a chair if they wanted one. The AC was in agreement to have Tokos be the facilitator instead of electing a Chair. Tokos said that minutes and an audio recording would be done at all meetings. He said that when general consensus wasn't made on a topic, the majority/minority votes would be noted. He reviewed other AC organization issues the AC would be facing. Tokos said the public would be able to attend meetings and would have an opportunity for public comment. Perry suggested allowing the public to do introductions at the beginning of meetings then be able to speak at a determined time in the agenda. Tokos invited the public members in attendance at the current meeting to introduce themselves. Public members in attendance were Roy Filby, Bob Berman, and Steve a Lane.

6. **Future Meetings Schedule and Topics.** Tokos passed out the tentative schedule for AC meetings. The majority of the AC members were in agreement with scheduling meetings on Wednesdays from 1pm to 3pm.

Tokos reviewed the schedule noting the reasoning for the different discussion items for each meeting. Connell asked Tokos what the context for caps was. Tokos said it was about the specific number of VRDs. He explained there could be a hard cap on VRD numbers or a cap in certain areas. Braulio asked if the outreach would be the time when the public could come and share their input. Tokos said yes. Boxer asked for clarification on no grandfathering in 2012. Tokos said there was no grandfathering done in 2012 but there were some areas with restrictions and conditional use permits. He said this would be a future discussion point for the AC.

Winsor asked if there would be a good way for each AC member to share resources with other AC members. Tokos asked the AC to share information with him and he would circulate it with the AC. He said this would be a way to have record of it. Connell and Andre noted they didn't receive the updated roster. Tokos would make it available.

7. **VRD Regulations in Newport (Past/Present).** Tokos reviewed the regulations prior to 2012.

Discussion Items:

- Boxer requested a map of zones.
- McElroy wanted a more detailed maps to look closer within zones to see where the VRDs were located. Tokos said it was hard to do a map with that level of detail. Boxer asked for a data file that showed current VRDs. Michel said that Yachats took a plat map of the city and laid out a heat map to show what was licensed, what was pending, and where complaints were. She said this was a good way to have a visual. Tokos said he would see what could be done because the map was harder to create because of its size.
- Perry asked what updates were kept. Tokos said the City kept a list of both licensed VRDs and VRD applications. Perry wanted a number of VRD applications since the City Council was considering a moratorium. Tokos said there were 180 licensed VRDs at the moment. Andre asked what was collected for room taxes in 2017. Tokos said he would ask Finance for the information. Hines said that in 2017 Airbnb automatically remitted taxes. Tokos said it wasn't a lump sum figure that could be given. He would check with Finance to see what could be shown.
- Boxer asked if Airbnb was required to have a business licenses for VRDs. Tokos said the owners of VRDs had to have their own business licenses. Boxer asked if the City knew which VRDs were advertising with Airbnb. Tokos said that owners used Airbnb and other online rental sites and at any given time there could be 10-20 rentals that the City would have to get into the VRD process. He said that the City audited websites a couple of times a year to find unlicensed VRDs. The problem was some websites don't share the information about the advertised VRD and it was difficult to pinpoint their location.
- Boxer asked to see a list of current VRDs and applications in Newport.
- Michel clarified that sites such as Airbnb and VRBO were just advertising websites and when someone said they were running an Airbnb, they were saying where they advertise. Boxer reminded that if VRDs advertising on these websites they needed to have licenses in the City of Newport.
- Boxer said there were a lot of owners that rent through Airbnb and aren't paying room taxes. Tokos said that was why the audits are done. Boxer asked how it was policed. Tokos said if it was brought to the City's attention they would be pursued. He said the ones that were not reported would be a part of the audit.
- Winsor asked if the advertising websites verified if the VRDs were licensed. Michel said no, it was the property owner's responsibility to license. She said that anyone can advertise on a website but it was the owner's responsibility to know the rules.

Tokos reviewed problems with the Pre-2012 VRD and B&B regulation. He then reviewed the Planning Commission desired outcomes in 2012, the 2011-12 Ad Hoc Work Group, and how the VRDs and B&Bs were defined.

Discussion Items:

- Hines asked how a bedroom was defined. Tokos explained it was guest room that was rented less than 30 days.
- Michel asked about egress windows in bedrooms. Tokos said this would be covered later in meeting.
- Perry asked if an owner had a VRD in their home and was occupying it, was it considered a VRD if they don't serve meals. Tokos said if they have a room used as a transient room, it was considered a VRD because it had a guest room rented for less than 30 days. Boxer asked if zoning allowed owners to make one residential unit into a duplex. Tokos said it would be a discussion for the AC in coming meetings.
- McElroy said that VRDs with 5 guest bedrooms have an occupancy of 5 plus 2. Tokos said yes and the AC would have a chance to look at this. McElroy noted a current VRD that was advertising more than their occupancy limit. Tokos said most VRDs weren't doing this but there were some that need enforcement. McElroy said that neighbors needed to help with enforcement.
- Dailey said she knew of VRDs that were advertising for more than 30 days. Tokos said this would fall outside of the current definition of a vacation rental and would be considered a short term rental. Dailey said the current State statute allowed a vacation rental to be up to 45 days. She thought this could get into landlord tenant laws and could create some problems.
- Andre asked the AC to look at a solution process. He said if there was a way to welcome neighbors into the process, there would be a feeling of a win for them. Andre thought only a complaint driven process should have more proactivity. Boxer thought that absentee owners would have a harder time with this. She requested numbers on owners who didn't live in Newport. Andre thought absentee owners are reasonable in general. Tokos said the point of contact was an issue that came up time to time. In 2012 there was a discussion about if it should be local or responsive. He said this would be a discussion point for the current AC to consider.

- Winsor asked about condos. Tokos said most were considered VRDs. He said if an owner had to go through a contracted manager, it is a hotel. If they were free to rent on their own, they were a VRD. Tokos reported that the Embarcadero was currently reviewing this.
- Tokos noted the Fire Department was doing VRD inspections which started after the City Center Motel fire.

Tokos reviewed why VRDs and B&Bs were regulated and covered the summary of current regulations. Tokos explained that it was an over the counter process that wasn't discretionary. He said it was determined that adjacent property owners would be notified after the fact, because it wasn't discretionary, and they couldn't weigh in on the VRD license. If it was a Conditional Use, there would be a way for owners to give testimony.

Tokos covered concerns expressed about VRDs and comments in support of VRDs & B&Bs. He then covered the geographical distribution of VRDs/B&Bs licensed since 2012 (Current at November 2017). Jim Hanselman arrived at 2:50pm.

Discussion Items:

- Connell asked if the AC was only addressing VRDs, not B&Bs, as part of this process. Tokos said they were both subject to the same rules so when considering changes the AC would have to consider whether they would apply to both. Connell noted that VRDs don't have environmental health inspections like B&Bs. Tokos said yes, because of the food service at B&Bs.
- Boxer noted that there was a star missing on the map for a VRD next to her property. She thought the map was relatively accurate but there were some VRDs missing. Boxer asked Michel to find out what percentage of the VRDs were housing in Yachats. Michel didn't know what the current number was but said she could find out.
- Boxer thought the AC shouldn't lose focus on the fact that Newport was a diversity of tourism and residents. She felt R-1 was a residential neighborhood where people live and not where VRDs should be.
- Connell thought the AC needed to keep an open mind about all R-1 neighborhoods. Dailey said it could also be an issue of street narrowing rather than R-1 zones.

Tokos covered the issues with definition, locational issues, and maximum overnight and building occupancy.

Discussion Items:

- Boxer reported on a VRD that had an occupancy limit of 10 that had 30 people present. She said the property management said they couldn't regulate the number of people because the reservation was based off of what was noted on their reservation. Tokos said if it was documented circumstance where there was more people than advertised, the City was in good shape for enforcement. Hines said that she had a good neighbor policy that didn't allow parties. Michel said they cover these rules with their renters.
- Posner asked if there was someone who oversaw rental agencies. Michel said no. She explained that as a rental agency they were only allowed to rent up to 30 days because they would need a licensed real estate agent on staff if renting longer than this and said it was a different thing.
- Braulio asked that the PowerPoint presentations for the AC meetings be given to the AC before the meetings. Tokos said he would provide them if they were ready in advance. Braulio asked to look at Hood River's VRD ordinance.
- Boxer asked to take Sister's off the list as it was a tourist destination.
- Hanselman encouraged the AC to go beyond Oregon to look at how VRD rules were set up and how they were working.

Tokos reviewed VRD parking requirements, landscaping and waste management, noise abatement, and safety provisions.

Discussion Items:

- Connell wanted to make sure waste management wasn't located on the right-of-ways.
- Dailey asked if there were any accessibility issues with VRDs. Tokos said not of yet.

Enforcement was reviewed next. Tokos thought the AC would probably need to do work on repeat offenders.

Discussion Items:

- Perry asked if there were any current fines for issues. Tokos said yes, and the City had already issued fines for issues through the court.
- Hanselman said there was a discussion for a different recording system for complaints. He said even though there were a number of complaints, there were residents who were told they had no standing for complaints and these weren't recorded. Hanselman wanted to see a better system for recording complaints.
- Hines asked what the current complaint process was. Tokos said if there was a complaint overnight, the public would call the police. If it was during the day, they would call the City.

Tokos reviewed the process next. He reviewed the Planning Commission's observations letter to the City Council. Hanselman reported that the PC spent a lot of time on the VRD subject. He said it became clear that B&Bs did not have complaints like VRDs. The PC set B&Bs aside and kept the VRDs as what the complaint was.

8. **Assessment of Best Management Practices.** Tokos asked the AC for input on what other cities should be reviewed for future meetings.

Discussion Items:

- Boxer said that Lincoln City and Cannon Beach's changes should be considered. She thought Sisters should be taken out because it was tourist and Hood River should be added.
 - Michel asked that they look at Yachats because of how strict they were and how it was working. She said Lincoln County had just put in new licensing rules the previous year which was governed through the sheriff's office and thought it should be reviewed.
 - McElroy noted an article in the Oregonian about the Seattle housing crunch and their limits on short term rentals and thought it should be reviewed.
 - Hanselman thought VRDs were a nationwide problem and thought the AC should look at all areas for examples.
 - Connell didn't think Lincoln County should be added because they just started.
9. **Public Comment/Questions.** Bob Berman addressed the PC and said the current VRD inventory was hard to pinpoint and said the AC should take the numbers with a grain of salt. He said the PC discussed whether VRDs were commercial or residential and thought the AC should consider this. Berman thought enforcement had been lacking. He encouraged the AC to read the current regulations. Tokos noted that all the AC members received copies of the regulations.

McElroy asked Tokos to send the AC a list of addresses for current VRDs. Tokos would do this.

10. **Adjournment.** The meeting adjourned at 3:30 p.m.

Respectfully submitted,

Sherri Marineau
Executive Assistant