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City of Newport Vacation Rental Code Update Summary of Proposed Changes

Overview

In the fall of 2017 the City Council received a significant amount of public testimony that the City's regulations for Vacation Rental Dwellings (VRDs) need to be updated to protect the character of residential neighborhoods and to preserve the City's long term housing supply. In response, the City Council directed the Planning Commission to assess how the rules could be improved and the Commission, in turn, pulled together an Ad-hoc Work Group of interested persons to assist city staff in developing a package of recommended changes.

Ad-hoc Work Group's Responsibilities

- Review the City's existing vacation rental regulations
- Evaluate Best Management Practices used by other jurisdictions
- Discuss policy options for revising the City's codes
- Select policy alternatives for presentation to the public
- Conduct open houses to obtain public feedback
- Review public comments and determine how best to integrate responses into the policy alternatives
- Propose a package of legislative code amendments, based upon the policy alternatives, for review by the Planning Commission and City Council as part of a formal public hearings process.

Proposed Policy Alternatives

Focus Efforts on Units that are not Occupied by Permanent Residents

- Distinguish "home shares" where an owner rents rooms in a dwelling unit where they reside, and Bed and Breakfast (B&B) establishments where an owner or manager lives on the premises, from VRDs where the entire unit is rented for transient purposes.
- Exempt home shares and B&Bs from location and density limits, because the presence of a permanent resident mitigates potential nuisance issues and does not impact the supply of long term housing.

Limit Areas Where VRDs are Allowed

- Limit vacation rental uses to areas that possess tourist amenities
- Provide policy makers with multiple options for drawing the boundaries, including:
 - Alternative No. 1: Recommends US 101 and US 20 be used as an easily understood break point, with VRDS allowed west of US 101 and south of US 20 (least restrictive)
 - Alternative No. 2: Similar to first option, but limits VRDs west of US 101 and south of US 20 to areas in close proximity to ocean views, beach access, and tourist commercial uses.
 - Alternative No. 3: Limit VRDs to areas where tourist commercial uses are concentrated (most restrictive)

Establish License and Density Limits

- Limit the total number of vacation rental licenses to preserve the City's long term housing supply.
- Apply a hard cap on licenses issued between 220 and 275 (roughly 4% - 5% of the total housing stock).
- Provide that the City Council may adjust the license cap by resolution.
- Limit transferability of licenses, upon sale, to commercial zones
- Institute proximity limits to avoid concentration of VRDs to the point that they change the character of residential neighborhoods:
 - Allow only one VRD per street face segment in R-1 and R-2 zones
 - Limit VRDs in R-3 and R-4 zones to one multi-family or single family dwelling per street face segment

Improve Enforcement

- Develop a centralized complaint system that facilitates transparency and citizen access to information.
- Engage with a third party vendor to provide a 24/7 complaint hotline and to provide ongoing monitoring of vacation rentals for permit and tax collection compliance.
- Structure progressive enforcement to achieve "three strikes and you are out."
- Establish a two year cooling off period for before an individual that had a license can reapply
- Require VRD operators to have a local contact capable of responding to the premises in 30 minutes.

Refine Approval Standards

- Reduce overnight occupancy from (2) per bedroom plus two to simply 2 per bedroom. Exempt young children from overnight occupancy limit.
- Retain parking standard of one space per bedroom, but require applicants show that spaces are sized such that they meet City parking stall dimensional standards. Allow off-street parking to extend into undeveloped public right-of-way with stipulation that license will be revisited if street is improved.
- Update safety standards to reflect current building and fire code requirements
- Require VRD operators to post a sign in plain view of the street identifying the unit as a vacation rental with a phone number of the designated contact.
- Prohibit use of VRDs for events.

Require Annual Licensing

- Operator's to provide proof of insurance and update designated contacts with annual license.
- Licenses to automatically expire if inactive to prevent "license hoarding" under a hard cap.

Phase Out Non-Compliant VRDs

- Conditional use permits that allowed alternative standards will not be grandfathered.
- Permit licensed VRDS in areas where they are no longer allowed to continue to operate for a 5 year period of time to realize a return on investment. Licensed VRDs in areas that exceed density limits to phase out as licenses expire.

Next Steps

The Ad-hoc Work Group will reconvene in September to consider feedback and finalize recommendations before public hearings are held with the Planning Commission and City Council in the fall.

Additional Information

Information considered by the Ad-hoc Work Group is available for review on the City of Newport website under the heading "Government / Committees / Vacation Rental Ad-hoc Committee." Questions or concerns may also be directed to Derrick Tokos, Community Development Director at 541-574-0626 or d.tokos@newportoregon.gov