

Draft MINUTES
City of Newport
Vacation Rental Ad-Hoc Committee Meeting #2
Newport Recreation Center, Room 124B
Wednesday, February 14, 2018

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

AC Members Absent: Norman Ferber, Jamie Michel.

Planning Commission Liaison Present: Jim Hanselman.

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

Public Members Present: Rod Croteau, Roy Filby, and Chris Ehrmann.

1. **Call to Order.** The meeting was called to order at 1:05 p.m.
2. **Disclosures.** Tokos asked Saxton to introduce herself since she missed the first meeting. Saxton gave an introduction and overview of her background.

Disclosers: Hines, Saxton, Andre disclosed they owned and operated VRDs. McElroy, Escobar, Posner, Connell, Winsor Perry had none. Hanselman disclosed he had a long term rental and was a Planning Commission member.

3. **Approval of Minutes from the January 31, 2018 Meeting.** Tokos asked for input on the minutes. Perry stated she would like the names of public members present at meetings added to minutes. Perry noted minor changes to the minutes.

MOTION was made by Winsor, seconded by Posner to approve the January 31, 2018 Vacation Rental Ad-Hoc meeting minutes with minor corrections. The motion carried unanimously in a voice vote.

4. **Review Agenda, and Revise as Needed.** Tokos asked for any adjustments to the agenda. Winsor asked if it was an advantage to have the Public Comments section at the beginning of meetings. Tokos didn't see any problems with this, as long as it was structured. Saxton asked for clarification on how the City enforced VRDs without licensing. Tokos explained that if they were brought to the City's attention, it was investigated. He said the others were a part of the audit twice a year to bring them into the process. Saxton asked if condos were exempt from VRD licensing. Tokos said the City would have to look at Little Creek Cove condos and issues with time shares. Saxton said that all of the condos at Little Creek Cove were individually owned and rented nightly. Tokos would check into this and get back to AC on their set up.

Tokos asked the AC if they wanted the public comment section at the beginning of the meetings. Posner liked it at the end so the AC could pick up on the public comment questions during the following meeting. Tokos said the public would also have the benefit of the day's proceedings and could raise issues with them.

5. **Committee Requests.** Tokos covered the committee request documents that were shared with the AC.

Discussion Items:

- Hanselman said at the previous City meetings the number of VRDs was noted as 166 but it was changed to 188. Tokos confirmed that 188 was the current number of active licensed VRDs. He said that the lists were being continually updated.
- McElroy asked about the list of VRDs that said they needed endorsement but were included on the overall VRD numbers. Marineau to review list to update.
- Dailey asked for a list of active VRDs by unit type. Tokos said the list could be provided to the AC at another meeting. He noted that a breakdown of room taxes from Finance would be brought to the AC at another meeting. The March 14th meeting would include this info along with a large map of VRDs.
- McElroy shared a map she brought with pins in it to illustrate the VRDs in her neighborhood which was zoned R-2. She questioned if the AC needed to look at a map of existing zones such to show multi-family and commercial. Tokos said it might be best handled by an overlay.

Tokos said that he would post his PowerPoint presentations for the agenda items in a less ink intensive format. He asked which AC members needed print outs of the meeting packets. Michel, Posner, Escobar, Andre, Perry, Hanselman, and Hines requested printed packets. Tokos said the packets would be printed and ready when the materials were posted on the website.

Tokos asked Ferber to do an introduction and give a disclosure on conflicts of interest. Ferber gave an introduction and said he owned three vacation rentals. Perry asked Tokos to clarify if the AC members conflicts were potential or actual conflicts. Tokos explained the AC would not be making the final decision on the changes, so their conflicts were considered potential. Andre said it was appropriate to have a broad representation of participants for oversight. Tokos explained the disclosures were about transparency rather than who should participate in the process.

6. **Review and Discuss Best Management Practices for Regulating Vacation Rental Dwellings.** Tokos reviewed the Best Management Practices. He covered the jurisdictions that were sampled and noted that Seattle and San Francisco had policies that were included in the meeting materials.

Tokos reviewed the Rationale for Regulating, and the Locations Allowed. He noted that Seaside was on the original slide but it was corrected to Bandon on his presentation for the meeting. Tokos covered density limitations and how ownership, proximity based, and ratio based cap or hard cap were used.

Discussion Items:

- Perry asked how an owner would be identified if it was a limited liability. She asked if it would mean that it was a corporation instead of owner occupied. Dailey said not necessarily and described how LLCs worked. Tokos said the AC would have to spend time figuring out what constituted the owner if putting in an ownership based component. Posner said there was a company making unsolicited offers on houses and turning streets of homes into VRDs. He liked the idea of caps on ownerships.
- Connell said Cannon Beach had definitions regarding LLCs and Trusts. Dailey said the type of building construction had a lot to do with it. She said the AC might have to carve out different classifications with a certain number of units in residential zones. Connell disagreed and thought that having multiple people in short term rentals could have an adverse impact. She said to keep an open mind and strive for consensus. Ferber asked if there was an assumption that one person owned multiple properties. Tokos said he was making no assumptions but was presenting a technique. He said the AC would decide if it was something the City could use and if so, how. Ferber asked for clarification on how the AC would be going forward with the process. Tokos said the AC was currently in the informative part of the process and at the other meetings there would be subjective topic areas for the AC to address. The AC would present their recommendations to the PC. A discussion ensued regarding different ways to do VRD limitations.
- Tokos said ratio based caps would be more appropriate in areas with growth potential. He said other areas that were built out would be more labor intensive.
- McElroy asked what a segment meant in reference to Durango. Tokos said it was a lot. McElroy asked about the limitation of no more than one unit per block segment. She felt that this could be a problem as there were units that surrounded her house but they were all on different streets. Tokos said he wasn't vouching how good the programs worked but was giving examples of what other jurisdictions were doing. Hanselman said the distribution of VRDs in town were mostly built out and most new buildings were not in the chosen VRD areas. He said that in some areas it would be inappropriate to do limitations by block segments. Connell said to keep in mind that there were units that are torn down that had VRDs built in their place.

Tokos noted Seaside and Bandon's proximity based limitations. He reviewed Residency Requirements next and noted Hood River and Seattle's requirements. Posner asked if there was any correlation on zoning. Tokos said Hood River had VRDs in all their residential zones. Astoria allowed VRDs in all residential areas as home shares.

Tokos covered Tenancy Limits. He thought it could be done but would require a close tie in with room tax remittances in order to track. Hines and Michel thought it might create a negative incentive to report room taxes. Michel thought there were a lot of unlicensed units in Newport. She felt there should be a requirement for compliance with licensing and thought taxes were a good cross reference. Tokos noted that most jurisdictions doing tenancy limits were looking at limiting transient impact in their areas and they could have some enforcement issues that came with it.

Tokos reviewed Maximum Overnight Occupancy. He noted that Lincoln City had a reference to Building Codes. He said the State's Building Codes don't address transient rental use for residential use in structures never built for commercial use. He thought it was an area to look at.

Tokos reviewed the Max Numbers of Guest Rooms, and Off Street Parking. Tokos said if the AC wanted to do restrictions on off street parking they would have to see how it was legally done. Connell thought it was interesting that other jurisdiction

specified size of parking space. Tokos said Newport goes by a 9'x18' size for the typical parking space measurement. He said the AC would need to tackle what an off street parking space meant at another AC meeting.

Tokos reviewed Waste Management and Landscaping/Maintenance next. Tokos noted that if there were any measures that the AC thought made sense he could reach out to jurisdictions to see how they were working for them.

Noise Limits were reviewed next. McElroy noted there was an app for cell phones to read decibel levels. Perry asked if there were any examples of lighting limitations as it could be offensive to neighbors. Tokos noted an example of a flood light that was put in at a residence but said light limits were not clearly addressed in codes. Perry thought it should be addressed and should be considered for VRDs.

Safety Requirements were covered next. McElroy noted that there were discrepancies between Building Codes and Fire Codes. Tokos said the Fire Department used general occupancy limits and would enforce when they were called out.

Guest Registry was covered next. Hines said the vacation rental industry was going head to head with hotels and VRDs were being pushed for instant reservations. She said Airbnb's are masking some of the renter's information and made it hard to provide guest registry information. Dailey asked why Airbnb didn't want owners talking with renters. Hines said it was to make sure they didn't go around Airbnb for rentals. Michel said Airbnb was cutting out owners from talking to renters. Her property management company made sure they had the renter's information. Escobar thought they needed to comply with this to do business in Newport. Andre said the point was to find a way to fair out the concerns people had to see what solutions could be crafted, unique to Newport. Tokos said Airbnb and online bookings needed to be looked at. The information was needed for enforcement and emergency response purposes so in a major event the responders would know who was in the VRD.

Hanselman asked if grievant residents had access to the renter's information. Michel said her rentals had a placard outside so all neighbors had the point of contact. A discussion ensued regarding how adjacent property owners get contact information on tenants, and who the grievances would be with. Michel didn't think they could legally give out tenant's information. She said her management team will respond to these grievances and take care of problems financially. Tokos said enforcement would be against the owner not their guests. He said for guest misconduct, people would reach out to the management first and if they weren't responding, it would go to the City. Andre said it shouldn't be on the neighbor to handle grievances. Hines said the MLS required an orientation for new owners. She thought VRD owners could do orientations. Dailey said a good neighbor policy should be expected and given to tenants.

Tokos covered Contact Information and Posting Requirements next. Perry asked if Tokos knew of examples of posting information outside of the unit. Tokos said it was something Hood River and Lincoln City required. Perry thought it would be good to have the information posted for the people who lived outside of the area that was noticed for the VRDs. Tokos said mailing notices had its limitations. Saxton said that Lincoln City has a lot of homeless breaking into VRDs and posting outside would alert them that no one was there. Posner said different cities used offices of short term rentals. He suggested the City have a staff of volunteers for people to go in order to get VRD information. Tokos said it could be dovetailed with a mailing stating where to find new information. McElroy thought the 24 hour response should be addressed because it was too long for some issues. Tokos thought those issues were for the Police Department. McElroy thought out of area managers needed to take enforcement seriously.

Enforcement was discussed next. Tokos noted that Hood River required their VRDs to post their business license number on their listing and that it was a way to audit. Hanselman said Austin, Texas had a complaint page on their webpage to report nuisances and made it easier to track complaints. Saxton asked if violations were mailed to property owners or managers. Tokos said to the owners. Saxton thought they should also go to the property manager.

Tokos reviewed Process, License Renewal Requirements, Expiration of Licenses, Effect of Rule Changes on Existing Rentals, and Other Regulations.

7. **Public Comment/Questions.** Rod Croteau addressed the AC and handed out a review of some short term rental ordinances. He stated that he was a Planning Commission member but was addressing the AC as a public member. Croteau reviewed points of interest of his submitted handout report.

Perry asked Michel to say why she thought there were a lot of VRDs unlicensed in Newport. She said sometimes she would get a lead from people who had VRDs who didn't know about licensing. Connell said it would be helpful to understand the current system for complaints and how it was working and not working. She said the AC needed to find out what needed to be changed and what needed to be in place financially to have a solid system for a complaint driven process to regulate activities of VRDs. Tokos reminded that the AC would need to feel confident that the regulations that would be put in place could be managed. Hines asked Saxton to give input at a later date on her thoughts of home values in Newport versus Lincoln

City. Tokos said that the City could bring some information in on this and to show evidence on how VRDs affect property values either positively or negatively.

8. **Adjournment.** The meeting adjourned at 3:09 p.m.

Respectfully submitted,

Sherri Marineau
Executive Assistant