

April 30, 2018

To: Mayor Sandra Roumagoux, Council President Dietmar Goebel, and Members of Newport City Council; Newport Planning Commission; Vacation Rental Ad Hoc Committee and Spencer Nebel, City Manager
Derrick Tokos, Community Development Director
Steve Rich, City Attorney

From: Cathey Briggs, 118 SW High Street, Newport, OR 97365

RE: Request to City Council for Emergency Moratorium on Solicitation and Acceptance of Additional Vacation Rental Dwelling Permits

I have been following with interest the work of the Vacation Rental Ad Hoc Rental Committee. I understand that the calendar for completion of a recommendation to City Council has been extended beyond its original schedule. It appears now that the recommendation to the Planning Commission that is the start of the formal adoption process will not start until August or September. In the meantime, Vacation Rental Dwelling permits continue to be submitted and processed. I heard that there were 180 licensed vacation dwellings when the committee began its work around 1/31/18, that the number approved jumped to 188 by 2/15, and that an additional 43 applications are being processed. Given the extension of the calendar for the committee, it is conceivable that another cluster of permits will be submitted before any action is taken by City Council in the fall.

All this is being done against a backdrop of an increasingly constrained housing market, especially for lower-income households. In the *Newport Student Housing Report*, November 2014, commissioned by the City of Newport, (http://newportoregon.gov/dept/cdd/documents/CompPlan/CompPlan_appendixD.pdf), ECO Northwest found a shortage of affordable workforce housing in Newport. Though the study is somewhat dated, there has been little, if any, building of multi-family housing to alleviate the documented shortage of workforce housing in Newport. Notably, the consultants found that there is “substantial in-commuting by workers at Newport businesses who live in outlying areas because they cannot afford housing in Newport....”

The report cites data from the US Census that indicates that about 70% of people working in Newport live outside the city - some by choice, but also many do so because the Newport housing inventory is constrained, especially for lower-income households. We have all heard anecdotal reports of restaurants and retail stores that cannot find, hire or retain staff because they cannot find housing that they can afford. Ironically, I have heard that some vacation rental owners have had a hard time finding crews to clean their VRDs.

Oregon is distinguished for its Statewide Planning Goals, including Goal 10: Housing, and the “Housing Rule,” which requires that jurisdictions inventory and zone an adequate supply of buildable lands for residential use to ensure the availability of needed housing units at price ranges and rent levels that match the needs of its households. The State of Oregon’s Land Use Board of Appeals will often hear cases where Cities are deemed to be out of compliance or in violation with State Land Use Law. This is a

very abbreviated description, but enough to highlight a recent decision regarding Lincoln City's Vacation Rental Ordinance that has implications for Newport's approach to vacation dwelling permits. Lincoln City recently enacted new VRD regulations, tightening limitations in most of the city, as well as creating a Vacation Rental Dwelling (VRD) Zone in one section of the city. As a result of the new limitations, the City was sued by Oregonians In Action Legal Center and Jon Chandler, who contended that the Housing Element of the Statewide Planning Goals obligated cities to provide zoning for vacation rental housing for use by tourists because it is "needed housing."

In a significant decision the Land Use Board of Appeals clarified and affirmed that while second homes can be considered "needed" housing, vacation rental dwellings for seasonal use, are not deemed to be "needed housing" and cities do not need to accommodate them. On the other hand, seasonal housing for use by seasonal workers is considered needed housing and jurisdictions must plan and zone for such housing. (*LUBA Nos. 20014-108/2015-002/003*).

As indicated in the ECO Northwest report, Newport has a lack of affordable housing for workers. The report indicates that "Newport has experienced limited multifamily rental apartment development. While 32% of the new dwellings permitted in Newport during the 2000-2010 period were multifamily, the vast majority of multifamily housing was intended as second homes, with some vacation rentals. In short, the market is producing virtually no multifamily dwellings for local residents and workers." The result is that seasonal workers in the tourist economy are in competition with vacation rental dwellers for already scarce housing. The report goes on to state that "Newport continues to have a shortage of affordable housing, with a deficit of 500 units affordable to households with incomes below \$25,000..."

The City of Newport appears to be bending over backwards to make sure that anyone who has ever considered renting their house as a VRD has an opportunity to apply and get approval now, before any limitations are enacted.

Where is the commensurate consideration of the impact on housing available and affordable to Newport's workforce, including the seasonal workforce that keeps our hotels, restaurants, retail stores, clean and staffed? What is the impact of even more VRDs on the hotel and motel industry – are they operating at full occupancy? We already know that we have a serious shortage of housing affordable to our workforce and to our workforce retirees, and flipping rental housing to VRDs exacerbates the problem. The City Council and the Planning Commission must ask itself if the VRD regulations that will eventually be recommended by the Ad Hoc Committee will make this condition better or worse for the folks who serve our community.

I request that at its meeting on May 7, City Council reconsider the adoption of an emergency moratorium on accepting applications for new VRD permits to 1) allow staff the time to evaluate the impact of the cited LUBA decision on the proposed options for VRD regulations for the City of Newport; and 2) allow staff and City Council time to consider the findings of the Newport Student Housing report (November 2014), which already raised the alarm about the lack of affordable workforce housing in the City.