

MINUTES
City of Newport
Vacation Rental Ad-Hoc Committee Meeting #12
City Hall Council Chambers
Wednesday, July 25, 2018

AC Members Present: Carla Perry, Norman Ferber, Jamie Michel, Margaret Dailey, Bill Posner, Bonnie Saxton, Charlotte Boxer, Martha Winsor, Lauri Hines, and Pam McElroy.

AC Members Absent: Cheryl Connell (*excused*), Braulio Escobar, and Don Andre.

Planning Commission Liaison Present: Jim Hanselman.

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

Public Members Present: Cathy Briggs

1. **Call to Order.** The meeting was called to order at 1:00 p.m.
2. **Disclosures.** Tokos asked for conflicts of interest. Andre, Saxton, Ferber, Hines, and Michel disclosed they had potential conflicts of interest. Dailey, Hanselman, Perry, Escobar, Posner, Boxer, McElroy, and Winsor stated they had no conflicts.
3. **Approval of Minutes from the July 11, 2018 Meeting.** Tokos asked for input on the minutes. Michel noted minor corrections to the minutes.

MOTION was made by Dailey, seconded by Boxer to approve the July 11, 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. He noted the Perry asked to make sure the AC discussed the Policy Options at the current meeting. No revisions were heard.
5. **Committee Requests.** Tokos covered the committee request documents that were shared with the AC including the VRD count list that Dailey had requested, and Boxer and Escobar's news articles they had submitted.
6. **Options for Amending VRD regulations.** Tokos reviewed his PowerPoint presentation on the VRD outreach meetings and went over the materials for the topic area stations. Winsor requested there be bigger maps with focus areas printed and hung for the outreach meetings. Tokos would do this. He reviewed the handouts that would be shared at the outreach meetings.

Tokos reviewed the definitions that would be used for Dwelling Units, Short Term Rentals, Home Shares, Bed and Breakfast Facilities, and VRDs. Perry suggested putting VRDs at the top of the list below the definition of dwelling units. Posner thought that the definition says short term rental. Perry then said to put VRDs above Home Shares. Winsor asked if a mother-in-law apartment would be considered a home share. Tokos said it would be considered a dwelling unit if the unit had all of the descriptions for them. He said a lot of the mother-in-law units didn't have a kitchen. These wouldn't be considered a separate dwelling.

Tokos reviewed the parameters for applying location and density limits to non-owner occupied units. He said after the public outreach he would be bringing back a copy of the code that built in different alternatives. These alternatives would have a copy of the public feedback. A discussion ensued regarding whether or not the public outreach meetings should include presentations on what the AC was in agreement on as far as options. Perry felt this information needed to be shared with the public at the meetings. Michel disagreed and felt that the AC was charged to come up with options for the City Council (CC) that represented the community and the AC should consider public feedback before voting and making decisions. Hanselman thought it was hard to get the whole AC in agreement and thought there needed to be a definition for what consensus would be. He suggested there be a roll call vote done. Tokos thought this shouldn't be done until they AC had the benefit of getting feedback from the public at the outreach meetings. Perry thought the AC had made an agreement to limit the number of bedrooms in homeshares to two. Tokos asked if this was a general agreement. The AC didn't agree that this was a consensus. Boxer said that most of the different jurisdictions limited the number of bedrooms to two for home shares. Tokos said the slide could be changed to say there was an option to limit the number of bedrooms for homeshares to two with another options to say not have that option. Tokos said his purpose of the open houses was to craft options and get feedback from the public.

Hanselman thought that for the outreach meetings it would be helpful for the public to know the AC had discussed and brainstormed ideas, and to also know what the AC's agreements and disagreements were for the options. He felt the public needed to see all the options and needed to know the AC had been having a lot of good discussions. Hanselman said the PC asked if the businesses like Airbnb, and Flipkey had business licenses. Tokos said he could look into it.

Perry suggested the options just be bullet points. Ferber noted that on page eight the proximity limits wording would eliminate his VRD. He felt the way it was presented as a proposal was suggesting it was what the AC agreed on. Tokos suggested saying "concept" instead of proposal. Hanselman wanted the public to know they hadn't established any policies. Dailey thought it should be left open and wanted the public to think the options were open to give their opinions. Tokos suggested saying "concept" and it was important to remember there was a reason for these and the public needed to know what they were. Winsor suggested using "suggestion, consideration, or idea." Tokos said he would use the word concept, adjust the two bedrooms up into the concept area, and adjust the other option accordingly.

Tokos reviewed the definition of what an intermediary was. The AC was in general consensus with the board.

Hines joined the meeting and reported that she had a potential conflict.

Tokos reviewed the alternative maps to be plotted with updated VRD numbers. He then covered the allowed locations for VRDs next. Perry asked if STR should be included. Tokos said yes, it was separate from homeshares and B&Bs an not subject to those limitations.

Tokos reviewed the hard cap on licenses slide. Perry asked if they could limit to four or five percent. Tokos said it was good to give a range and it would help to get public feedback. Ferber thought the cap number of 220-275 should be eliminated. Tokos said the public needed to understand what the numbers would be. A discussion ensued regarding caps in different areas in the city. Tokos reminded that a hard cap could be changed by CC resolution. Perry asked if not imposing a cap should be an option. Tokos said it would be an option even though the AC might not choose it. McElroy questioned if the city was dealing with enough complaints to justify bringing numbers up to 275. Dailey said it came down to what to do in the end, and how they are all tied together. The AC was building a process and when things are added they needed to look at how it combined with each other.

Tokos reviewed the map alternative. Boxer noted a VRD that didn't show on the map. Tokos said they were constantly updated the maps. Boxer asked how long a license lasted. Tokos said the AC didn't talk about the exact timeframe but with a cap there was a general understand they needed to deal with license expirations. Boxer asked if licenses would go away when VRDs were sold. Tokos said licenses wouldn't be transferrable. Boxer noted it didn't say that in the policy options.

Hanselman thought there needed to be a program based on the proximity limits and then see where the caps would be then. Tokos said it depended on how multiple units were approached on each street face. He thought there already had been issues where there were a number of licenses issued per year on units that decided to not continue. Amortization out over a 5 year period was a different approach to take out more licenses. Tokos said for the map alternatives for street face, there would be a buffer option as well. Tokos said the AC hadn't ferreted out the areas in R-3 & R-4 zones where there were commercial on the other side of the street. He noted these areas were limited but were areas where VRDs would be desirable. He suggested it as internal to those neighborhoods R-3 & R-4 zones would be internal. Winsor thought if that was the best way to handle limitations and it maintained the neighborhood character, she was ok with this. Hines asked how the properties in South Beach in R-4 zones would work. Tokos said as a complex, in the R-3 & R-4 zones, the entire complex was eligible as one unit. He would reword it to make sure that "internal" was included.

Tokos reviewed enforcement and complaints. Saxton asked who monitored the updates to contacts for VRDs. Tokos said the Community Development Department. This would be taken care of with a yearly renewal that included a checkoff on if their contact info had changed. Hanselman asked about the cooling off period for bad characters and if the AC agreed that these owners would have to go through the process after which they could reapply. Dailey said it should say their license was revoked, not cooling off if actually terminating their ability to operate and could apply after two years. She felt if they came back and had other violations, they couldn't get another license again.

Michel asked for clarification on the "proactive reviewing websites by intermediaries." Tokos said he didn't want to say there was a decision to hire a third party contractor but a desire to see a more proactive effort to review these websites. Michel wanted it to say a proactively review websites. Dailey said since it wasn't determined it didn't need to be changed. Hanselman asked about the three strikes rule. Dailey said it became a problem when they weren't dealt with. Hanselman thought it was an infraction multiple times needed to be a strike. Michel thought the AC talked about making this clearer. Tokos said they talked about having it put in a compliance system and during the process it was determined that it was a verified infraction. Ferber was concerned about the compliance service making mistakes on calling managers/owners and it needed to be clarified. McElroy asked about progressive enforcement resulting in three strikes you are out. She was

concerned it was in an unlimited amount of time. Tokos said they could say within a specific period of time. Dailey suggested a rolling year period.

Tokos covered the 24/7 hotline proposal slide. He then reviewed the board that would be presented to the public to inform them of third party vendors for compliance. Michel asked if this should include where the cost of for the vendor would come from. Tokos said it would be in another area. The AC was in general agreement to add it on this board as well.

Tokos reviewed the different types of parking arrangements in the City. Boxer asked for clarification on if undeveloped streets parking could extend into the ROW. She was concerned that if they did this, the cars would block the fire truck from coming down streets. Tokos said they could extend parking into the undeveloped street if they didn't obstruct the flow of traffic.

Perry asked what the special parking areas were in the off-street parking standards. Tokos said Nye Beach, Bayfront and City Center parking districts. Perry asked if Conditional Uses (CU) could be used for parking standards. She asked about STR and not allowing CUs for parking standards. Winsor thought this couldn't be done because of special parking areas. Perry thought there needed to be another bullet point to say there not being a CU option to not allow them in the other areas. Ferber said the AC couldn't anticipate all the repercussions that would happen with the changes and to blanket that there wouldn't be a CU option only left owners without options. Hines said under terminology it referenced tenants and it should say guests. Michel asked if the parking areas should be called out by neighborhoods. The AC agreed. Tokos would do this as special parking area districts.

Tokos reviewed the safety proposal next. Ferber said the AC hadn't talked about overnight occupancy limits. He was concerned that there was more discussion about going down to two persons per bedroom. Saxton thought the AC talked about limited the number of bedrooms they could have. Ferber said his units were configured to encourage family units and noted that two adults might not want to sleep in the same bed together. He asked if there would be a problem if there was more beds for an annual inspection. Dailey thought this was a discussion with the inspector and would be the hardest thing to manage. She thought if there was extra space, people would use it. Tokos said advertising over maximum occupancy was a manageable way to enforce this. Michel asked if the good players should be penalized for this. Dailey thought there wouldn't be a way to just penalize the bad guys. Hines said that if there were three couples renting a house, they would have more cars than one family. She felt it was important to have a family friendly rental unit for herself and thought the plus two for children was good. Tokos said they were looking into if it was framed in a manner that people would say they liked the concept. Hines asked to add for the small children for the additional two to accommodate family rentals. Winsor suggested it say "young" instead of "small" children. Michel suggested that the children over the age of two should be counted in the occupancy. Hanselman said he was getting confused on the exemption from two person per bedroom and would not like that added. He preferred the plus two just being two children. Tokos was concerned that they couldn't legally defend this. Michel said in practical applications they could meet the licensing occupancy and if they could set who would be counted in occupancy it would be better. Tokos asked if an age range should be included in the language. Hines was concerned with this and asked if it could be minor children. Tokos said you have to ask what the rationale would be at what age would they would have their own room. If that is the rationale, you set that age as what is right. Michel clarified that currently licenses were for two people per bedroom plus two. Currently the plus two are all ages. Dailey suggested saying to exempt small children from occupancy limits. Winsor requested that all boards include what the existing standards were.

Tokos reviewed safety standards. Perry questioned using the word "memorialize" in the statement. Dailey suggested using the word "codify". Ferber questioned if there would be an additional fee for re-inspections. Tokos said the Fire Department wasn't doing this currently and if they did, they would have to do it uniformly.

Tokos reviewed the Signage slide. Perry said she thought the AC talked about adding the permit number to the sign itself. Michel noted that requiring a metal sign with the license number would be an additional hardship for VRD owners.

Tokos reviewed landscaping and waste management slides next. Michel asked if they weren't going to require a concierge. Tokos said that was what he understood. Winsor asked to have an option that if there was continued violations they would be required them to have concierge. Tokos would add this. Perry asked to have "such that they are" deleted in the first paragraph.

Tokos reviewed the events. Hines suggested that parties be include under events. Michel suggested saying they could never have more than the number of vehicles per occupancy at any time. Michel said their contracts said a prohibited party meant no catered food, no DJs, and no rented music and chairs.

Tokos reviewed the approval process next. Perry asked if CU for parking, was there a way to limit where CUs could be applied. He said they could limit this but would have to have a rationale for doing it. A discussion ensued on if there could

be more restrictions put on approving CUs in the special districts. It was determined that it was a unique area where you would have to approve.

Tokos reviewed licensing next. Saxton said it should say owners instead of managers.

Tokos reviewed fees next and the thought was to increase the fees to cover the cost of third party vendor support. He noted that any land use fees that were received for the city weren't intended to cover 100 percent of costs because of the public benefit.

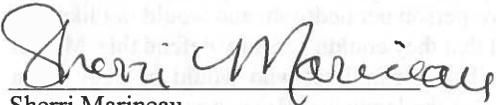
Tokos reviewed the notice proposal next. Hines asked if the AC talked about the signs for all the rentals be the same design. Tokos said this hadn't been discussed but they would have to have a size limit.

Tokos reviewed the effect on existing rentals. Perry suggested only saying five years not five to seven years. Hines and Ferber were in favor of five to seven years. Tokos said the City Attorney thought that five years was a reasonable amount of time for amortization. Tokos wanted to just list five years. Perry asked if on the policy options, did enforcement require to have someone respond within 30 minutes. Tokos said yes, it was included.

Tokos noted the dates of the open houses on August 15th and 22nd.

7. **Policy Options for Code Amendments by Topic Area.** Tokos reviewed
8. **Review Updated Committee Schedule.** Tokos reviewed the updated schedule and asked for comments from the AC.
9. **Public Comment/Questions.** Briggs addressed the AC and said she was on the steering committee for the strategic plan. They had a lot of advertisements and food at the event but had a low turnout. She felt the AC couldn't rely on the public to come to the outreach for a total feedback because they would have specific interests. Michel asked if all the licenses owners would be notified. Tokos said yes and the press distribution list, News Lincoln County, the newspaper, radio and such. The letters would be sent out at the end of July.
10. **Adjournment.** The meeting adjourned at 3:00 p.m.

Respectfully submitted,



Sherri Marineau
Executive Assistant