


Memorandum

To: City Council

From: Derrick I. Tokos, AICP, Community Development Director 

Date: March 13, 2019

Re: Revisions to Ordinance No. 2144, Newport Short-Term Rental Regulations

Enclosed with this memorandum are updated drafts of the new Chapter 4.25 and amended Chapter 14.25 of the Newport Municipal Code. Language has been highlighted where it differs from the Planning Commission recommendation and notes have been added explaining the reasons for each of revision. The changes reflect direction staff received from the City Council at its March 8, 2019 work session, the key elements of which are summarized as follows:

- In lieu of a zoning overlay, the City Council, by resolution, would cap the total number of business licenses it will issue for vacation rentals. That cap number may be less than but cannot exceed a fixed percentage of the City's housing stock (presently shown as 5%). Once the cap limit is reached, the City would establish a waiting list on a first come, first served basis (NMC 14.25.025(A)).
- A definition for "Sale and Transfer" has been added so that it is clear when a new business license endorsement must be obtained, if available under the license cap (NMC 4.25.010(H) and 14.01.010(I))
- Existing vacation rentals that are within, or adjacent to, a commercial or water-related zone will count against the cap number, but will not otherwise be subject to the density limits of NMC 14.25.025(A). Such units may be sold or transferred notwithstanding the waiting list provisions. If use of such a rental ceases for a period of 12 consecutive months, then re-establishment of a vacation rental use must comply with all aspects of the new ordinance. Maps are enclosed showing where these rentals are located.
- All other vacation rentals, approved under current rules, may continue under current ownership provided the use is not discontinued for a period of 12 consecutive months. These units, in residential areas, cannot be sold or transferred unless there are licenses available under the cap established with NMC 14.25.025(A) and they meet the spacing standards of NMC 14.25.025(B). If vacation rental use is discontinued for more than 12 months, than re-establishment of a rental use must comply with all aspects of the new ordinance.
- Phase out language for certain existing vacation rentals has been removed.
- Spacing standards for new vacation rentals would apply city-wide in all zone districts. Those standards limit vacation rental use to a single building on a lot, or group of

lots, that abut a street segment. For buildings on corner lots, this standard applies to both street segments. All dwelling units contained within the building are eligible for vacation rental use (NMC 14.25.025(B)). Maps illustrating the spacing standards are also enclosed.

- Release of guest registry information is now limited to emergency responders and City Finance Department staff. Information requested by the Finance Department would be for enforcement or audit purposes and must be kept confidential to the extent allowed by law (NMC 4.25.030(D)(2)).
- The requirement that short-term rental owners show “proof of use” when renewing licenses has been changed such that they must provide evidence that the units was rented 12 days, in the last 12-months (NMC 4.25.030(C)(7))
- Administrative remedies language has been added to create a local process for resolving situations where an individual believes the proposed code amendments adversely impact the value of their property (NMC 14.25.030(B)).

A current count of the number and type of short-term rentals in the City, and how they would be impacted by a potential license cap or the zoning overlay, is as follows:

Total number of licensed short-term rentals: 218

Vacation rentals: 211

B&Bs: 4

Home shares: 3

Short-term rentals applications in process: 28

Vacation rentals: 26

Home shares: 2

In-process applications older than 6-months: 11 (oldest submitted 10/11/16)

City-wide License Cap Concept

VRDs within or adjacent to commercial or water-related areas: 95 (45%)

(Would count toward cap, but can be sold/transferred without being subject to wait list or spacing standards.)

VRDs in residential areas not adjacent to commercial/water-related: 116 (55%)

(Would count toward cap. Subject to wait list and spacing standards if sold/transferred)

Estimated number of housing units in Newport: 5,723 +/- 259 (Census ACS 2013-17)

Cap Options:

175 licenses (roughly 3%)

230 licenses (roughly 4%)

285 licenses (roughly 5%)

Zoning Overlay Concept

VRDs outside of the Planning Commission permitted area overlay: 53 (25.1%)

(These units were recommended for a 5-year phase out)

VRDs within Planning Commission permitted area overlay: 158 (74.9%)

(Units could continue as non-conforming provided they are not discontinued for 12-months)

At the March 18, 2019 public hearing, the City Council should take testimony on the revised ordinance. If, after taking testimony, a majority of the members are comfortable with the language as drafted, or with revisions requested at the meeting, then it would be reasonable to continue the hearing to an available date in April with instruction to staff to place the ordinance in a finished format suitable for potential adoption. If the Council desires the ordinance be adopted with an emergency clause, so that it can go into effect immediately, then a request to that effect should be made. A resolution setting a specific cap number and updated fees would be presented at the April meeting along with the final draft of the ordinance.

Attachments

Ordinance No. 2144 - New Chapter 4.25 Administrative Provisions for Short-Term Rentals
Ordinance No. 2144 – Amended Chapter 14.25 Land Use Regulations for Short-Term Rentals
Maps Showing Vacation Rental Spacing Standards
Maps of Existing Vacation Rentals Within or Adjacent to Commercial or Water-Related Zones