



City of McMinnville
Planning Department
231 NE Fifth Street
McMinnville, OR 97128
(503) 434-7311

www.mcminnvilleoregon.gov

WORK SESSION EXHIBIT 1 - STAFF REPORT

DATE: December 21, 2017
TO: McMinnville Planning Commission
FROM: Ron Pomeroy, Principal Planner
SUBJECT: Vacation Home Rentals

Report in Brief:

The purpose of this discussion item is to review the City of McMinnville's process for regulating vacation home rentals (VHRs), review how VHRs are regulated in other cities, and provide direction to staff as to whether any amendments to the City's process should be further analyzed.

Background:

The Planning Commission discussed VHRs at the September 21, 2017 work session, and also provided an opportunity for public comment on the topic of VHRs at the October 19, 2017 work session. Following the public comment portion of the October work session, the Planning Commission had a brief discussion and directed staff to research other options for the regulation of vacation home rentals in the City of McMinnville.

Discussion:

The information provided below is arranged into three categories addressing existing zoning regulations, fines for illegal operation, and examples of alternative methods for regulating VHRs.

Existing Zoning Regulations:

In discussing VHRs, it should be noted that there are multiple different types of rental uses in the City of McMinnville that may be found on short term rental websites or listings (e.g., Airbnb, VRBO, etc.). Not all rental units that may be available for short term rental use are actually defined as VHRs in the McMinnville Zoning Ordinance. The City currently allows the following types of rental uses:

Attachments:

Attachment 1: Comparison Table of 11 Oregon Cities

Attachment 2: Detailed Comparison Table of 4 Oregon Cities

Type	Description	Zones Allowed
Vacation Home Rental	Whole house rental for period of less than 21 days	All Residential (R-1, R-2, R-3, R-4) and Office-Residential (O-R)
Bed and Breakfast	Rental of bedrooms within an <i>owner-occupied</i> house for period of less than 7 days	All Residential (R-1, R-2, R-3, R-4) and Office-Residential (O-R)
Boardinghouse, Lodging House, or Rooming House	Rental of whole house or individual rooms for an unregulated number of days	Commercial (C-2 and C-3)

VHRs, based on the descriptions above, are whole houses located on residentially zoned land that are rented for a short term basis. These houses could be owner-occupied in the times that they are not available or being used as a rental, or they could not be owner-occupied and specifically used as a short term rental property. The specific VHR regulations currently in place in McMinnville are as follows:

McMinnville Zoning Ordinance

Section 17.12.010(O)

- O. Vacation home rental, subject to the provisions of Section 17.72.110 and the following standards:
1. That the structure be designed for and occupied as a single-family residence. The structure shall retain the characteristics of a single-family residence.
 2. That a minimum of one off-street parking space be provided for each guest room.
 3. That signage is limited to only one non-illuminated or incidentally illuminated wooden sign not exceeding three (3) square feet of face area.
 4. That the duration of each guest's stay at the residence be limited to less than 21 (twenty-one) consecutive days.
 5. That smoke detectors be provided as per the requirements for "lodging houses" in Ordinance No. 3997.
 6. That the property owner shall live within the city limits or shall provide contact information of a person living within the city limits who shall be available to respond immediately to any emergency or complaint related to the vacation home rental.
 7. Permits may be renewed for one-year periods upon payment of the appropriate fee prior to its expiration date, provided that the permit has not been terminated under the provisions of Section 17.12.010(O)(8) below.
 8. Complaints on conditions 1 through 7 above will be reviewed by the Planning Commission at a public hearing. The Planning Commission will review complaints based on the criteria listed in Sections 17.74.030 and 17.74.040 of the zoning ordinance. If the vacation home rental is found to be in violation of the criteria, the Planning Commission may terminate the use.

Fines for Illegal Operation

At the September VHR work session, the Commission expressed interest in pursuing the idea of levying fines against property owners that have been operating VHRs without first obtaining approval from the Planning Department. Although the extent of this type of un-approved operation is not entirely known, it is estimated by some that there may be an equal amount of VHRs in illegal operation in McMinnville as there are legally approved VHRs.

Attachments:

Attachment 1: Comparison Table of 11 Oregon Cities

Attachment 2: Detailed Comparison Table of 4 Oregon Cities

To address this concern and interest, the City Attorneys' office is drafting a series of four code enforcement categories for all types of municipal code infraction/enforcement matters ranging from the minor to the more egregious. While this is a work in progress and recommendations have yet to be made, monetary fines commensurate with the various levels of offense will also be determined as the process moves forward.

To proceed with the ability to levy a financial penalty for illegal operation of a VHR, the main question for the Commission is at what level of offense an illegally operating VHR should be placed. This, perhaps, may be the most meaningful point of discussion at this time.

Alternative Regulation Methods

Based on the direction provided at the last Planning Commission work session on this matter, staff has completed research on alternative forms of managing VHRs in other cities in Oregon. Staff selected a broad range of cities outside of the Metro area, including cities from different regions such as Central Oregon and the Oregon coast. Also, staff included cities that have higher levels of tourism as is the case in McMinnville.

A summary table of the comparative standards of eleven other Oregon jurisdictions has been provided below and is also attached to the staff report for your reference (Attachment 1).

COMPARISON OF ELEVEN OTHER OREGON CITIES												
	McMinnville	Ashland	Bend	Depoe Bay	Hood River	Joseph	Eugene	Lincoln City	Manzanita	Rockaway Beach	Seaside	Sisters
VHR Spacing Requirement	No spacing requirement	No spacing requirement	250 feet unless modified by overlays	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement	No spacing requirement
Parking	One off-street space for each guest room	One off-street parking space per VHR	One off-street space for each guest room		One off-street parking space for each two guest rooms	One off-street parking space per VHR			Two off-street parking spaces per VHR		Two off-street parking spaces + one for each additional bedroom	
Other Site Regulations		Within 200 feet of a Collector or Arterial										
Structural Regulations		Residence must be at least 20 years old										
Other Regulations				4-Year Amortized Period		3-Year review prior to permanent approval	3-Year review prior to permanent approval		Limited to 17.5% of DUs in each zone		50% or required yards must be landscaped	

Staff also completed more comprehensive research on a few select cities from the table above that have different methods for regulating VHRs in their jurisdictions. Specifically, staff was interested in discovering other forms of management that might include locational requirements or overall management of rental inventory. It should be noted that every city defines these types of uses differently, and a more common type of definition is "short term rental." The term "short term rental" will be used in the more detailed descriptions of other city regulations provided below.

The cities that were researched in more detail are included in an additional table attached to this staff report (Attachment 2). The cities are organized in the table in order of, by staff's assessment, the least

Attachments:

Attachment 1: Comparison Table of 11 Oregon Cities

Attachment 2: Detailed Comparison Table of 4 Oregon Cities

amount of regulation to the jurisdiction with the highest level of regulation to show the broad spectrum of regulation of short term rentals throughout the state.

Staff found that only the City of Bend has a spacing standard that requires a 250 foot separation between short term rental uses in their residential zones. No other city included in the research had a spacing standard. However, some jurisdictions to regulate short term rentals by zoning district. Both Ashland and Manzanita only allow short term rentals in certain residential zones. Ashland only allows short term rentals to be located in their multiple family residential zones, and also has some operational and locational requirements that must be satisfied in order to establish a short term rental. Manzanita allows short term rentals in all but one of their residential zones, which results in them being allowed in most residential areas of the city; one zone was specifically not included in order to protect the residential land in that zone for residential uses.

The City of Manzanita has adopted a more comprehensive management system for the overall short term rental inventory in their city. The City decided to cap the total number of short term rentals that could exist within the city, based on concerns that the housing stock available to be used for full time residential use was being depleted by the conversion of the housing stock into short term rentals. Their cap was set at 17.5% of the existing housing stock within the zones where short term rentals are allowed. That percentage represents the ratio of short term rentals to the total number of dwelling units in the zones where short term rentals would be allowed that existed at the time the percentage cap was established; this may have been to order to avoid possible “takings” claims being raised should an existing short term rental be made illegal and required to cease by that action. The 17.5% ratio represents a much higher ratio of the housing stock being used as short term rentals than currently exists in McMinnville. With approximately 6,700 single family houses in McMinnville, the 38 legally registered VHRs in the city equate to only about 0.6% of the local single family housing stock. This is based on the historic interpretation of only allowing VHRs in single family houses. If VHRs were allowed in any type of residential dwelling unit, as is the case in some other cities, that ratio of short term rentals to total dwelling units would drop much farther.

Questions for Planning Commission Consideration

At the September work session and at the October work session, following the public comment portion of the meeting, the Planning Commission held discussions on the comments received and some of the potential concerns with VHRs. There was discussion on the potential impacts that VHRs could have on neighborhood character and that there may be a concentration of VHRs in certain areas of the city.

Some potential questions for the Planning Commission to consider and discuss at this work session are:

- What are the specific concerns, if any, with VHRs and their relationship with the surrounding residential areas within which they are located?
- If concerns are identified, are there any additional locational or licensing requirements, such as those implemented in other cities, that could help address those concerns?
- If new locational requirements were put in place, how would existing licensed VHRs be treated?
 - For example, the existing VHRs that do not meet new requirements could be considered legally non-conforming uses and be allowed to continue. The City of Bend followed this practice after they adopted their 250 foot spacing standard and allowed existing short term rentals that were less than 250 feet from each other to continue to operate as legally non-conforming uses.
- Are there other operational requirements or standards that should be amended? These could include:
 - Occupancy limits for VHRs

Attachments:

Attachment 1: Comparison Table of 11 Oregon Cities

Attachment 2: Detailed Comparison Table of 4 Oregon Cities

- Types of residential dwelling units allowed to be used as VHRs
- Additional requirements for providing lodging tax reports

Fiscal Impact:

None.

Recommendation/Suggested Motion:

No specific motion is required, but the Planning Commission may provide staff with guidance as to whether to draft zoning text amendments to amend the City's existing vacation home rental regulations.

Attachments:

Attachment 1: Comparison Table of 11 Oregon Cities

Attachment 2: Detailed Comparison Table of 4 Oregon Cities