



PLANNING COMMISSION

HEARING DATE: 4/11/2023

TO: Chair Ledell and Planning Commission Members

CC: Chad Eiken, Director, Community Development Department
Rebecca Kennedy, Deputy Director, Community Development Department

FROM: Jason Nortz, Development Review Manager, Community Development Department
Becky Coutinho, Associate Planner, Community Development Department
William Cooley, Community Engagement Manager, City Manager's Office

SUBJECT: **Proposed Short-Term Rentals Regulations and Text Amendments**

Report Date: 4/4/2023

Hearing Date: 4/11/2023

Proposal: Updates to VMC Title 20, Land Use and Development Code, regarding the regulation of short-term rentals

Location: Citywide

**Proponent/
Applicant:** Community Development Department

City Staff: Jason Nortz, Development Review Manager; Becky Coutinho, Associate Planner; William Cooley, Community Engagement Manager

Recommendation: Adoption of ordinance amending VMC 20.150, VMC 20.160, VMC 20.210, 20.410, VMC 20.420, VMC 20.430, VMC 20.440, and VMC 20.835 to add regulations for short-term rentals.

I. PRIOR COMMISSION AND COUNCIL REVIEW:

The Planning Commission has held 2 public workshops on the proposed code changes, on September 13, 2022, and March 14, 2023. City Council had two public workshops on June 27th, 2022, and April 3rd, 2023, and also discussed it as part of the Housing Code Changes Workshop on September 20th, 2021.

II. BACKGROUND AND REVIEW PROCESS:

Project Timeline

On September 20th, 2021, staff presented to the City Council on a batch of housing code changes, which included short-term rentals (STRs). It was determined short-term rentals

needed to be separated out from the other housing code changes, and a separate planning process began. The City enlisted the services of Host Compliance, a platform of Granicus.

In February of 2022, the City began reaching out to owners of known STRs to advise them of the existing restrictions and to invite their participation in a broader community engagement process around STRs. Between March and June 2022, the project team led an extensive outreach campaign consisting of two community wide surveys and several small group conversations.

Development of code language to regulate short-term rentals began in October of 2022 and was finalized in February 2023. In addition to the Planning Commission workshops, staff presented at two City Council workshops, on June 27, 2022, and April 3rd, 2023.

Existing Conditions

A short-term rental is defined as a residential property or portion of a residential property (room, guesthouse, ADU, etc.) that is available to rent for stays of less than 30 days. This includes rentals available on websites such as Airbnb and VRBO. Within the last decade, the popularity of STRs has increased dramatically as a substitute for (or preferred option to) traditional lodging like hotel rooms across many jurisdictions in the county. This increase has not been as dramatic in Vancouver as other cities, but the number of STRs here has risen over time.

Currently, the City's Land Use and Development Code, VMC Title 20, does not allow STRs in residential zones except as expressly authorized under the bed-and-breakfast provisions of VMC 20.830. A bed-and-breakfast also provides an alternative form of lodging for visitors who prefer a residential setting. The Development Code considers bed-and-breakfast establishments as Commercial and Transient Lodging, which includes uses such as hotels, motels, and homeless shelters where stays are typically less than 30 days. Bed-and-breakfast establishments, which envision a host in residence with guests and the provision of food in conjunction with lodging, don't capture the typical Airbnb-type STR arrangement that has emerged in recent years. Staff believes creating separate short-term rental regulations is required to properly govern this type of land use.

The overview of the short-term rental landscape as of April 1st, 2023, includes:

- There are approximately 375 STR units in the City of Vancouver
- Short-term rentals represent approximately 0.45% of Vancouver's approximately 83,900 residential units
- 85% of STRs are in single family homes, 14% in multi-family homes, with the remaining 1% undetermined
- 87% of STRs rent out an entire home, rather than a room or portion of an occupied home
- 30% of STRs are 3-bedroom rentals, 30% are 2-bedroom rentals, 24% are 1-bedroom rentals, 6% are 5 or more-bedroom rentals, and 10% are unknown
- The median nightly rental rate is \$118
- Geographically, STRs are spread throughout the City with a modest concentration in downtown and west side neighborhoods
- Approximately 75% of STRs are advertised through Airbnb with the remaining quarter listed through Expedia/VRBO and other platforms

The City continues to monitor the number of short-term rental units through the online platform HostCompliance, provided by the project consultant Granicus. Host Compliance is an industry leader in STR monitoring and compliance and was able to provide a comprehensive list of all current STRs located in the City, including parcel and owner information. In addition, Host Compliance now provides the City with ongoing monthly updates on the current number of rentals in the City, including location, property type, room type, average duration of stay and rental platform(s) used.

Outreach

In February 2022, the City began communicating with owners of known STRs to advise them of the existing restrictions and to invite their participation in a broader community engagement process around STRs. The intent of the City's outreach was to alert operators to the current situation of noncompliance with existing code, bring awareness to the City's efforts to determine the extent to which STRs should be regulated, and invite existing STR operators into that process. Between March and June 2022, the project team engaged in an extensive outreach campaign consisting of two community-wide surveys and several small group conversations. The specific intent of this effort was to learn more about community experiences, attitudes, concerns, and ideas related to STRs in Vancouver.

The City conducted an online community survey from February 3 to March 6, 2022 using the City's BeHeard Vancouver website. A total of 783 community members took the STR survey. The responses were varied, with most respondents being in favor of allowing short-term rentals with regulations, including a majority of respondents (55.8%) saying they would like to see the City allow STRs with regulations. 23.6% said that they would like to see the City allow STRs with no regulations; 19.4% said that they would like to see STRs banned in all circumstances. When respondents were asked where STRs should be allowed, 70% of community responses would allow STRs in single-family homes; 69.5% would allow in Accessory Dwelling Units (ADUs); 36.30% would allow in apartments, 40.70% would allow in mobile or manufactured homes; 56.72% would allow in townhomes; 53.75% in condominiums. 18.48% of respondents said that STRs should not be allowed anywhere. Note that for this question respondents were allowed to choose more than one answer.

Since March 2022, 85 community members have also shared their thoughts about STRs through an online comment box on the City's BeHeard Vancouver website. The responses received are both in favor and against of regulations STRs.

The City also conducted small group conversations with housing advocates, short-term rental hosts and operators, hotel and tourism industry professionals, small business owners, real estate agents, and housing advocates including Evergreen Habitat for Humanity, Council for the Homeless, and Fourth Plain Forward. The housing advocates noted that STRs pose a real threat by removing housing stock from the market. While the City may not have thousands of units, any unit being taken of the market for a vacation home instead of a permanent residence is exacerbating the affordable housing crisis. The hotel and tourism industry felt STRs should be required to have the same inspections and regulations as hotels, including requirements related to the federal Occupational Safety and Health Administration (OSHA), fire life and safety inspections, electrical, plumbing, ADA, and the state tourism office. Participants expressed concern that allowing too many STRs in any given neighborhood

could have a lasting impact on the community, citing the potential impacts of a transition from a fully residential neighborhood to one that has businesses operating in it. Short-term rental hosts offered why they chose to operate a STR, including many who said it provided supplemental income that is used to pay for mortgages, provide retirement income, pay medical bills and other monthly expenses, and in general increases disposable income. Hosts shared that they feel STRs bring a value, asset, and benefit to the City & local economy.

Council and Planning Commission Direction

City Council directed staff to develop changes to VMC Title 20 Land Use and Development Regulations that would allow STRs as a permitted use in residential zones subject to a defined permit process and appropriate standards. Council also asked staff take a closer look at implementing regulations that pay specific attention to:

Policy Consideration	Council & PC comments	Staff Response	Proposed Approach
Owner occupancy requirement	General opposition to such a requirement	Studied owner occupancy requirement but did not include due to challenges with monitoring, enforcement, and legal concerns	Not currently included in proposed regulations
Lodging tax collection	Ensure that lodging taxes are being collected and remitted by the rental platform to the City	The City received approximately \$140k in lodging taxes generated from short term rentals in 2022. City lodging tax is set at 4%	Continue to work with legal and finance to monitor appropriate collection.
Life/Safety inspection standards	Want standards without being overly burdensome	Mirroring building code regulations – not proposing to automatically retire building inspections for short-term rentals, but retain the option to inspect any STR at the Building Official’s discretion	STRs required to meet state and local health, safety, and building code regulations; language located in code and operator packet
Impacts to housing availability	City Council and Planning Commission both expressed concerns regarding STRs impact to the housing stock in Vancouver	Current impact to Vancouver housing market is minimal; however, staff will continue to monitor for impacts to housing availability during the proposed pilot period, and will share this data with Council to determine if additional regulations are necessary	Proposed code language excludes STRs from any development receiving the Multifamily Tax Exemption incentive
Changes to Bed & Breakfast regulations	Update bed & breakfast regulations to ensure clarity and fairness with any STR regulations	Staff believe current regulations are adequate, but will review as part of the Comprehensive Plan and Title 20 Update, when more information from the pilot period is available	Not included in draft code

On March 14, 2023, staff presented a draft of potential regulations for STRs to the Planning Commission as a workshop item. Planning Commission was supportive of the proposed regulations. The Planning Commission asked staff to consider the following items:

- Requiring STR permits to be renewed after 24 months
- Ongoing compliance monitoring to ensure all STRs have COV STR permit
- Define code compliance process for STR violations
- Consider requiring inspections for all new STR permit applicants
- Create an operator packet for all new STR applications

In response, staff will be monitoring and reporting permit findings at 12 and 24 months and requiring permit renewal at 24 months. The data collected via the city permit and provided by Host Compliance will be used to monitor all STRs and ensure they are operating legally. The short-term rental application now includes the process for responding to code violations. As of this report, staff is not recommending inspecting all new permitted STRs, as the influx of new permits would be administratively burdensome, and we do not inspect other existing residential units regularly. The proposed regulations do maintain the ability of the City to inspect any STR at the discretion of the City's Building Official, and there are examples from other jurisdictions that can inform how and when we may pursue STR inspections. And lastly, staff has created and updated the operator packet in alignment with discussion at the last Planning Commission workshop on this topic (attachments C-F).

City Council also provided additional direction at a workshop on April 3, 2023, which included the following:

- Return to Council with updates on the process after one year and again at 24 months
- Establish goals for the STR program during 24-month period
- Get clarity from STR platforms what recourse the City has for STRs that are operating illegally in any way, in addition to local remedies like revoking permits and code enforcement
- Explore if permit fees could apply to the affordable housing fund or housing production
- Clarify that a new permit application and fee are required each time a unit has a new owner/operator, even if it has previously been operated as an STR prior to transfer/sale of the property

Regulations

Following feedback from City Council and Planning Commission as well as community feedback and comparative jurisdiction research, staff has prepared draft code language to regulate short-term rentals (Attachments A and B). The regulations are a response to the level of activity currently seen in the short-term rental market in Vancouver and the intent of the regulation is to strike a balance between community housing needs with individual property rights and the financial stability that additional revenue generated from STRs can provide.

The proposed regulations would allow short-term rentals in all residential and commercial zones, and in two industrial zones (OCI and ECX) as a limited use that must follow regulations in new code section 20.835. STRs must register with the Washington State Department of Revenue. STRs must follow all relevant short-term rental provisions listed in the Revised Code of Washington, [Chapter 64.37](#) and Consumer Safety measures listed in [67.37.030](#).

Short-term rentals must obtain a City of Vancouver business license. The regulations create a short-term rental permit with a one-time \$250 fee. Staff is proposing to review the performance of the permitting system after a 24-month monitoring period and require permit renewal as part of the transition from the pilot program to a permanent regulatory structure. In order to obtain a permit an applicant would need to provide an affidavit showing proof of mailing a letter of notification to property owners abutting and adjacent to the proposed short-term rental, copy of liability insurance for the rental property, and a completed permit application including the signed acknowledgement by the owner stating that the short-term rental will comply with the required standards in 20.835.050 VMC and allowing the City to inspect the premises in accordance with [VMC 17.08](#). A STR permit would expire if property ownership changes.

Please refer to Attachment A and B for the full proposed code language. In addition to the development of regulations, staff has created an Operator Packet that would provide detailed information to STR operators, including an updated FAQ, good neighbor fact sheet, short-term rental permit application, and neighbor notification letter (see Attachments C-F). The FAQ is meant to serve as a resource to educate STR operators and the broader public on the City's policies and how to handle issues. The good neighbor fact sheet is a resource for short-term rental operators, hosts, and guests, outlining the regulations around noise, parking, fire safety, garbage, and overall guest responsibilities. The permit application requires short-term rentals to comply with all standards in required standards in 20.835.050 VMC, include their City of Vancouver business license number and short-term permit number in all advertising, and register any short-term rental business with the City. The notification letter is meant to serve as a template letter that short-term rental operators can use to notify neighbors of their operations. The letter provides a way for neighbors to notify the owner/operator directly if/when issues occur, as a first option for resolution.

Implementation

If adopted, staff recommends that the regulations be "tested" for a 24-month pilot period to assess their effectiveness and determine what changes may be needed. During this time, STR counts will be collected through the City permitting process in addition to the monthly report received from the City's consultant Host Compliance, a subcompany of Granicus. A City Council public hearing has not yet been scheduled but is anticipated in summer 2023. If the proposed regulations or modified regulations are adopted, staff would return to Council within a year to provide an update, and again at the 24-month mark to determine if the permitting process or development standards need any refinements. As directed by Council, during the pilot period staff will explore options for potentially adding an affordable housing fee to the STR permit to help mitigate impacts to housing availability, if there needs to be an annual or biannual renewal fee for a short-term rental permit to ensure cost-recovery and if yes determine what the renewal fee would be, and if any additional restrictions should be added to the operation of short-term rentals.

Following adoption current short-term rentals operating in the City of Vancouver will be notified of these regulations and be directed to follow the permitting process.

III. SUMMARY OF ISSUE/APPLICANT PROPOSAL:

(Note: Full text can be found in Exhibits A and B)

- A. Amend VMC 20.150.040E Definitions to add a new definition for Short-Term Rental and Short-Term Rental Operator.
- B. Amend VMC 20.160.020 Use Classifications to add a new definition for Short-Term Rental.
- C. Amend VMC 20.210.030 Exempt Activities to add Short-Term Rental permits.
- D. Amend VMC 20.410.30-1 Lower-Density Residential Districts Use Table to add Short-Term Rental as a limited use in all zones subject to the provisions in Chapter 20.835 VMC Short-Term Rentals.
- E. Amend VMC 20.420.30-1 Higher-Density Residential Districts Use Table to add Short-Term Rental as a limited use in all zones subject to the provisions in Chapter 20.835 VMC Short-Term Rentals.
- F. Amend VMC 20.430.30-1 Commercial and Mixed-Use Districts Use Table to add Short-Term Rental as a limited use in all zones subject to the provisions in Chapter 20.835 VMC Short-Term Rentals.
- G. Amend VMC 20.440.30-1 Industrial Zoning Districts Use Table to add Short-Term Rental as a limited use in the OCI and ECX zone districts subject to the provisions in Chapter 20.835 VMC Short-Term Rentals and as a prohibited use in IL and IH zones.
- H. Create VMC 20.835 Short-Term Rentals.

IV. REVIEW CRITERIA AND FINDINGS:

Applicable Zoning Code Standards:

Section 20.285.070 Comprehensive Plan or Zoning Code Text Amendments

- A. Text amendments to the Comprehensive Plan or VMC Title 20 zoning standards shall demonstrate the following:
 - 1. The proposal is consistent with the applicable provisions of the Vancouver Strategic Plan and Comprehensive Plan; and
 - 2. The proposed change is necessary to further the public interest based on present needs and conditions.

Applicable Strategic Plan Policies:

Goal 8. Strengthen commercial, retail, and community districts throughout the city.

Goal 9. Build the strongest, most resilient economy in the region.

Applicable Comprehensive Plan Policies:

CD-6 Neighborhood livability. Maintain and facilitate development of stable, multi-use neighborhoods that contain a compatible mix of housing, jobs, stores, and open and public spaces in a well-planned, safe pedestrian environment.

EC-8 Small business support. Support the growth of new and expanding small business through efficient permitting, incentives, and communication.

Applicable State Policies:

Pursuant to the State Environmental Policy Act (SEPA) and WAC 197-11, the City of Vancouver as lead agency has determined that the proposed Short-Term Rental Regulations will not have a probable significant adverse impact on the environment. A Determination of Nonsignificance (DNS) was published on March 24, 2023, in the Columbian with a 14-day comment period, which expired on April 7, 2023. Copies were emailed to state and local agencies, media representatives, concerned citizens whose names were on the master SEPA list, stakeholders, and neighborhood associations.

V. RECOMMENDED ACTION:

Based on the findings in this report, staff recommends the Planning Commission recommend that the City Council adopt the zoning code changes addressed in Exhibit A and Exhibit B.

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Attachments:

- Exhibit A Draft Short-Term Rental Regulations
- Exhibit B Title 20 Amendments
- Exhibit C Good Neighbor Handout
- Exhibit D Short-Term Rental FAQs
- Exhibit E Short-Term Rental Permit Application
- Exhibit F Short-Term Rental Template Neighbor Notification Letter
- Exhibit G Washington Short-Term Rental Comparisons
- Exhibit H SEPA Determination of Nonsignificance (DNS)
- Exhibit I SEPA Checklist
- Exhibit J Link to April 3rd City Council Workshop materials: [Coversheet \(novusagenda.com\)](https://www.novusagenda.com)
- Exhibit K Link to April 3rd City Council Workshop recording: [Vancouver City Council Workshop > Clark/Vancouver Television \(cvtv.org\)](https://www.vancouvercity.org/city-council-workshop)



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