

This is a continuation of the council discussion about vacation rentals (**VR**). At the previous meeting, council affirmed the issues presented for additional research and a recommendation for change. Since that meeting, a couple of additional issues have been identified and are included in this document. These include:

- the need for a visible house number
- use of VR property by owners and their family

Once council completes their review and final decision about changes, we recommend a public hearing for community comment.

Guiding principles used while evaluating options:

- The city needs to improve the way we track and analyze VR activity.
- Minimize the need for staff workload increases
- Where possible & appropriate, make issue & solution information available to the public
- Seek a reasonable balance between the desires of VR property owners & their neighbors
- Solutions need to be simple, easy to understand, administer and enforce

◆ **Should Yachats limit the number of VRs?**

There is a growing awareness about the lack of available long term rental property in Yachats. Capping the number of VRs could make more property available for long term renting and reduce the impact of VR activity in residential neighborhoods. The license count has been stable the last four years. This suggests now might be a good time to impose a limit on the number of licenses without impacting existing license holders. The current license count is 124.

- ◆ We have data for the current neighborhood distribution. (see attached) Recommend a VR limit of 125 units. This represents 17% of existing single family houses.

◆ **Growing ratio of VR in R-1 zone**

There is a perception that VRs are moving into R-1 zone areas.

- ◆ Existing data doesn't support the perception that VR activity in R-1 zones is increasing.
- ◆ After talking to the city planner and examining the VR distribution by zone, we recommend not using zoning as a way to regulate VR activity.

◆ **Are license fees appropriate?**

Current license fees do not cover the cost of VR management, enforcement and administration.

- ◆ Recommend new license applicants have to submit all the required information along with a check for the license fee and inspection at the time they make the initial license application. If after 30 days, the applicant has failed to provide the required information, the application will be considered terminated and the fee will be forfeited.
- ◆ Recommend new applicants provide proof of ownership with license application. A paid water bill will be sufficient.
- ◆ Recommend increasing a vacation rental license to \$300 each year.

- ◆ Recommend inspection fees be increased to \$100 the first year and \$50 for subsequent years. If more than two trips are required, there should be an additional \$50 for each inspection trip.
- ◆ **Are fines for VR license violations sufficient to encourage compliance?**
There are several code areas that could be reviewed to eliminate gray areas and encourage license compliance. This topic also includes the effectiveness of management oversight.
 - ◆ Recommend increasing the fine for operating a VR without a license to \$1,000 per incident (per day).
 - ◆ Recommend a fine for advertising higher occupancy than what is approved for their property.
 - ◆ Change how repeat offenders are held accountable. Within any 12 month period, first offense receives a written warning; second offense citation with a potential fine; third offense license suspension for a full year.
- ◆ **Some people apply for a VR license with no intent to rent the house.**
There is evidence that a few property owners have applied for VR licenses to make their property appear more valuable and therefore improve their prospects for a higher sale price. This consumes staff time for administration, inspections, and monitoring without any prospect for tax revenue.
- ◆ **How do we monitor VR ownership to a single owner / family?**
Current ordinance limits VR ownership to a single owner. How is the city enforcing this requirement? Are there other options that should be considered?
 - ◆ Recommend no changes in this area.
- ◆ **Is VR complaint process adequate / transparent / efficient?**
The current VR complaint process and historical data isn't transparent and oversight is difficult because of the manual nature of the data.
 - ◆ Recommend that all VRs be managed by a professional property manager. This is necessary to effectively respond to issues like garbage, parking, noise. It also ensures that an independent party is tracking use and timely payment of fees and taxes.
 - ◆ Recommend the current complaint process be replaced by developing a new complaint tracking system that ties to the existing license / tax / property database. This solution could address several other issue areas while providing the most cost effective and transparent solution for the long term.
- ◆ **Valid e-mail address(es), contact name & contact phone number needs to be a condition for retaining a license**
Yachats operates with a very small staff. To avoid having to add staff to address VR issues, requires owners to keep the city current on changes in e-mail addresses. Making this a condition of retaining their license could address this problem.
 - ◆ Recommend that a condition for receiving and retaining a VR license is that the owner is required to provide an e-mail address for each of the following: Owner; local contact; property

manager; tax reporting. In addition the following information is required for local contact: name and phone number for the owner and local contact.

◆ **A few properties claim they are not renting homes while a steady flow of different vehicles and people arrive and depart every week.**

All the evidence suggests these are vacation rentals. They have regular garbage, landscaping services and a property manager. If vehicle traffic is very high, sometimes as many as 4 to 6 cars are present, there may be a violation. However, the city may be unsuccessful in establishing an exchange of cash, although the property agent may accept donations to pay expenses. The city has an interest in regulating traffic, parking, noise, trash and other activities related to visitors staying in town.

◆ **Current Vacation Rental definition:** “Vacation rental” means a single-family dwelling, duplex or triplex which is rented or available for rent for a period of less than 30 days, such as by the day or week. The dwelling may consist of individual units or be in a contiguous form to be considered a vacation rental dwelling, however, each individual unit is to be considered separately for licensing and regulation purposes. A home which is listed with an agent as a vacation rental, advertised, available by referral, word of mouth, commendation and reputation are some of, but not limited to, the ways of identifying a vacation rental.”

◆ Recommend ordinance to create a change in the code for vacation rentals that establishes a minimum daily tax amount if no fees are reported. If property is owned by a non-resident individual, and is visited by different vehicles over the course of a month, it may be a vacation rental and required to have a license and pay a vacation rental tax. Add a new definition for “compensation” to include non-cash exchanges of value. The minimum daily tax should be high enough to encourage collection and payment of taxes due the city. Recommend a \$30 a day fee in-lieu-of a tax when there is no documented exchange of value.

◆ When vacation rentals are used by the owner or other family members, it is very difficult for code enforcement staff to differentiate between renters and owners when they see VR violations.

◆ Recommend an ordinance change that states, “when a property owner elects to rent their property, they are agreeing to abide by all the vacation rental conditions and restrictions when they and family and friends are using the property”. Recommend this be included in the 2018 license application and made effective Jan 1, 2018.

◆ VR properties need to have a house number visible from the street.

◆ Recommend that all VR properties have an easy to read house number from the street and that this requirement be included in the regular inspection process.