

**JEFFERSON COUNTY
BOARD OF COUNTY COMMISSIONERS**

AGENDA REQUEST

TO: Board of County Commissioners
Mark McCauley, County Administrator

FROM: Josh D. Peters, AICP, Community Development Director
Brent A. Butler, AICP, Chief Strategy Officer
Greg Ballard, Development Code Administrator

DATE: March 24, 2025

SUBJECT: **HEARING CONTINUATION and POSSIBLE ACTION** re: Amendments to Jefferson County Code regarding Short-Term Rentals (STRs)

STATEMENT OF ISSUE:

The Board of County Commissioners (BoCC) adopted Ordinance [03-0610-24](#) on June 10, 2024, establishing a moratorium on acceptance and processing of development permit applications for Short-Term Rentals (STRs, rentals for less than 30 days), as regulated under Title 18 of the Jefferson County Code (JCC). The moratorium ends at 11:59 p.m. on April 7, 2025. The BoCC began deliberations the Planning Commission's recommended short-term rental (STR) ordinance during a duly noticed hearing on March 17, 2024. The BoCC will continue deliberations on March 24, 2025.

Attachments to this Agenda Request Appendixes:

- A. Comparison Chart (compares Planning Commission's Recommended STR Ordinance, DCD staff recommended changes, and provides an explanation for each section).
- B. Combined Version of STR Ordinance (includes both PC and DCD recommendations and annotated explanations)
- C. PC Recommendation (as originally submitted by the Planning Commission)
- D. DCD Staff Recommendations to PC Recommendation ((March 14, 2025, as amended March 18, 2025)
- E. Zip Code Table (2020 Census housing units)
- F. Planning Commission Materials (written comments received during formal comment period)

BACKGROUND:

As required by the approved work plan for Ordinance No. [03-0610-24](#), the PC held a public hearing on February 5, 2025 and deliberated on the record during the February 19, 2025 regular meeting. The PC recommended a draft STR ordinance to the BoCC as required by JCC [18.05.050\(2\)](#) and [18.45.090\(3\)](#). The BoCC held a workshop on March 3, 2025 to review the PC recommended STR ordinance, determined that a change in the PC's recommended STR ordinance was necessary and chose to hold its own public hearing pursuant to JCC [18.45.090\(4\)\(b\)](#). Thus, the BoCC is authorized by JCC [18.45.090\(4\)](#) to modify the PC's recommended STR ordinance.

The BoCC approved a notice of public hearing for March 17, 2025, 10:30 AM, which was published in the March 5 and 12 editions of *The Leader* newspaper. On March 14, 2025, DCD staff recommended

changes to the PC's recommended STR ordinance. DCD's recommended changes to the PC's recommended STR ordinance were posted for public viewing on March 14, 2025.

The BoCC held a public hearing on March 17, 2025. The BoCC considered the DCD staff's recommended changes at the public hearing. Representatives from the PC provided testimony as to the PC's recommended STR ordinance during the presentation portion of the hearing. The BoCC heard public comments and considered the PC's recommended STR ordinance. The BoCC closed the hearing to further oral testimony, but continued the written comment period until 4:00 p.m. on Friday March 21, 2025. The BoCC may take action on the STRs after deliberations on the BoCC's March 24 agenda, which is set to begin at 2:00 p.m.

DCD Staff participated in the BoCC's deliberations on March 17, 2025 and discussed its proposed changes to the PC's recommended STR ordinance. Based on the deliberations, DCD has additional suggested changes to the PC's recommended STR ordinance. These additional suggested changes are shown on DCD Staff's proposed revisions in Appendix B (Combined Ordinance). Appendix B (Combined Ordinance) tracks changes to the PC's recommended STR ordinance that were published on March 14, 2025 and the additional DCD staff recommendations based on the BoCC's deliberations on March 17, 2025.

The moratorium expires on April 7, 2025, though it may be lifted sooner, along with establishment of updated STR development regulations.

ANALYSIS:

Consistent with RCW [36.70.630](#) and JCC [18.45.090](#)(4), the BoCC may adopt changes to the PC recommendation by conducting its own public hearing. RCW [36.70.630](#) requires the BoCC to "adopt its own findings of fact and statement setting forth the factors considered at the hearing and its own analysis of findings considered by it to be controlling." The BoCC may rely upon DCD staff recommendations to assist the BoCC during deliberation. DCD staff has been collaborating with the Prosecuting Attorney's Office (PAO) to review proposed updates to the STR development regulations comply with state and federal laws. The objective of the staff recommendation aims to align with Resolution [17-19](#) on regulatory reform. All versions of the STR ordinance have been reviewed by the PAO.

An outline of key DCD staff recommendations to the proposed STR ordinance is below. DCD staff also prepared a Comparison Chart (Appendix A) to help illustrate differences between the recommendations.

Key DCD staff recommendations include:

- Clarify the permitting process is dependent on the number of bedrooms or occupants in Table 3-1;
- (3)(n) is revised to include a 6-month grace period to all STRs prior to implementation of the 4% cap; also corrected the percentage of STRs allowed in the Port Townsend zip code from 20% to 30% based on the 2020 census data;
- (4)(a)(ii) is revised to reflect the grace period is 6 months, consistent with the provision in (3)(n);
- (4)(b) is updated to address those existing STRs that were permitted after January 16, 2001, the effective date of the Unified Development Code (UDC);
- The renting of rooms for less than 30 nights within an owner-occupied permitted dwelling is not subject to the STRs permit requirements. These type of hospitality establishments will be

reviewed pursuant to JCC 18.20.210(1) Bed and Breakfast Inns or (2) Bed and Breakfast Residence. The STRs regulations apply to the renting of the entire primary of accessory dwelling; and

- Based on feedback during the March 17 hearing, DCD staff has included a new provision (4)(f), requiring the short-term rental operator shall include a valid permit number on any advertisement.

FISCAL IMPACT/COST-BENEFIT ANALYSIS:

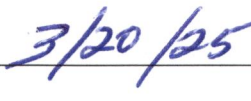
The General Fund supports this planning process. No significant fiscal impact from the decision to hold a public hearing, other than the fee charged by the newspaper of record.

RECOMMENDATIONS:

- (1) Continue the public hearing on March 24, 2025, beginning at 2:00 p.m., deliberate, and potentially take final action on the proposed amendments to Jefferson County Code regarding Short-Term Rentals (STRs).
- (2) Consider and possibly adopt DCD staff's proposed changes reflected in Appendix B (Combined Version).
- (3) If no final action is taken on March 24th, provide DCD staff with clear guidance regarding whether BoCC desires to continue the public hearing to April 7, 2025 or extend the moratorium.

REVIEWED BY:


Mark McCauley, County Administrator


Date

APPENDIX A

Comparison Chart

SHORT-TERM RENTALS - The followings denote the main differences among the current Jefferson County Code, the Planning Commission (PC) Recommendation and Staff Recommendation:

Section Number	Jefferson County Code (JCC), current through Ordinance 03-0610-24 , passed June 10, 2024	Planning Commission's Recommended STR Ordinance	Staff's Recommended Changes	Explanation
Appendix A—Changes to JCC 17.60.070				
JCC 17.60.070	"... Short-term visitor accommodation units and short-term rental units shall be construed to mean occupancies <u>equal to or less than 30 days.</u> "	Revised to read less than 30 days.	Revised "days" to "nights."	DCD recommends revising for consistency with chapter 64.37 RCW, which uses "nights" instead of "days."
Appendix B—Chapter 18.10 JCC				
JCC 18.10	"Transient accommodations" means a commercial use involving the rental of any structure or portion thereof for the purpose of providing lodging for periods less than 30 days. "Transient residence" or "transient ADU" means a single-family residential unit or ADU used	Added new Definitions in JCC 18.10.120 for "Landlord", 18.10.160 for "Primary Residence", 18.10.190 for "Short-term rental", "Short-term rental advertisement", "Short-term rental operator", "Short-term rental platform"; Removed Definitions in JCC 18.10.200 for "Transient accommodations" and "Transient residence" or "Transient ADU"	Added new Definitions in JCC 18.10.190 for "Short-term rental", "Short-term rental advertisement", "Short-term rental operator", "Short-term rental platform"; Removed Definitions in JCC 18.10.200 for "Transient accommodations" and "Transient residence" or "Transient ADU"	DCD recommends not using added definition of "landlord" as unnecessary, and to avoid a conflict with chapter 64.37 RCW, that might lead to an unnecessary preemption challenge. DCD recommends not adding "Primary Residence". This definition is related to a residency requirement that is not recommended.

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	for short-term transient occupancy (for periods less than 30 days).			
Appendix C—Changes to JCC 18.15.040, Table 3-1				
JCC Table 3-1	Residential Uses: Transient rental of residence or accessory dwelling unit	Residential Uses: Short-Term Rentals with 5 or fewer guest rooms Commercial Uses: Short-Term Rentals with more than 5 guest rooms and more than 10 occupants	Residential Uses: Short-Term Rentals with 5 or fewer guest rooms or 10 or fewer occupants Commercial Uses: Short-Term Rentals with more than 5 guest rooms and more than 10 occupants	DCD recommends revising to use the number of guest rooms or occupants for consistency with building code. This changes also would address environmental health concerns.
Appendix D— Changes to JCC 18.20.210				
JCC 18.20.210 (3)	Transient Residence or Transient Guest House (Accessory Dwelling Unit). The following standards apply to all short-term (less than 30 days) transient rentals of single-family residential units and guest houses (ADUs) or portions thereof:	Short-Term Rental with five or few guest rooms. The following standards apply to all short-term rentals of single-family residential units or portions thereof:	Short-Term Rental. The following standards apply to all short-term rentals of single-family residential units or portions thereof:	DCD recommends consolidating Sections (3) and (4) into Section (3).
JCC 18.20.210 (3)(a)	The transient residence or guest house shall be	No change	No change	N/A

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	operated in a way that will prevent unreasonable disturbances to area residents.			
JCC 18.20.210 (3)(b)	At least one additional off-street parking space shall be provided for the transient use in addition to the parking required for the residence or guest house.	Required at least one additional off street parking for the STR	Required all parking spaces onsite as determined by DCD	recommends revising to tighten the parking requirements and makes them all onsite
JCC 18.20.210 (3)(c)	If any food service is to be provided the requirements for a bed and breakfast residence must be met.	No change	No change	N/A
JCC 18.20.210 (3)(d)	No outdoor advertising signs are allowed.	No change	New: Allows one 4 sq. ft identification sign	DCD recommends revising to aid the renters in finding the dwelling
JCC 18.20.210 (3)(e)	The owner or lessee may rent the principal residence or the guest house on a short-term basis, but not both.	Changed to read: Short-term rentals shall not exceed 4% of the unincorporated Jefferson County housing unit total not including: i. Master planned resorts,	The cap provision is addressed and further clarified in (3)(n): For six months after the adoption of this chapter, DCD will accept all short-term rental	DCD recommends revising to further define rationale for 4% so it is clear how cap was determined and will be applied.

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		ii. Hospitality permits approved under prior regulations, or iii. Short-term rentals for less than 30-days predating hospitality regulations.	applications. After this six-month grace period, the following limit will apply to the renting of the entire primary or accessory dwelling (i.e., excluding the renting of STRs occupied by the landowners). Short-term rentals within Master Plan Resorts (MPR) are excepted from the cap on short-term rentals. Short-term rentals shall be limited to four percent of the dwellings in unincorporated Jefferson County housing, as determined by DCD. Based on OFM (Office of Financial Management) data, there are 11,694 dwellings outside of MPR. Four percent of these dwellings would equate to 468 short-term rentals allowed at this time. The short-term rentals will be	

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			distributed prepositional based on the housing stock in each zip code (i.e., if Port Townsend zip code has 30 percent of the housing stock, they would be allowed 30% of the short-term rentals based on the U.S. Census). Every year DCD will update the number of dwelling units, the number of short-term rentals allowed and the number of short-term rental permits that have a valid permit from DCD. If the maximum number of short-term rentals is reached, DCD will have a waiting list for new short-term rentals.	
JCC 18.20.210 (3)(f)	Where there are both a principal residence and a guest house (i.e., an accessory dwelling unit), the owner or lessee must reside on the premises.	Changed to read: Subject to the established maximum numbers of short-term rentals, rentals for less than 30 days are permissible where the land	Removed and addressed in (3)(j): A short-term rental operator shall not hold more than one hospitality permit for a short-term rental in	DCD recommends revising the residency requirement. The Planning Commissions' recommended STR ordinance would limit STR to one landowner

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		owner is a resident of Jefferson County and the landowner or a qualified representative is in Jefferson County during the entire rental period.	unincorporated Jefferson County.	only and would be difficult to enforce.
JCC 18.20.210 (3)(g)	Transient accommodations must meet all local and state regulations, including those pertaining to business licenses and taxes.	Changed to read: In no case shall the short-term rental exceed the design capacity of the permitted on-site sewage system.	Same as 3(e): In no case shall the short-term rental exceed the design capacity of the permitted on-site sewage system.	DCD recommends moving the subsection for better context.
JCC 18.20.210 (3)(h)	N/A	New: In each of the county's zip codes, rentals for less than 30 days shall not exceed the number established by the Board of County Commissioners. In the event the Board has not established maximum numbers of rentals (cap) in each zip code, the cap in each zone shall not exceed 4% of the total number of housing units as estimated by the Office of Financial	See (3)(n) above and 4(c): The number of new short-term rentals limit addressed in section (3)(n) shall be reduced by the number of pre-existing short-term rentals addressed in Section 4(a) and (b).	DCD recommends revising to further define rationale for 4% so it is clear how cap was determined and will be applied.

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		Management.		
JCC 18.20.210 (3)(i)	N/A	New: Short-Term Rental permits shall be inspected annually.	Addressed in (3)(e): Short-Term Rental Permit Renewal: (i) Application for renewal shall occur annually and at least 30 days prior expiration of the hospitality permit for a short-term rental. (ii) Renewal fees for a hospitality permit for a short-term rental shall be per the applicable fee schedule. (iii) Renewal of an existing permit for a short-term rental requires an inspection addressing fire, safety, and health requirements. (iv) Failure to renew a permit for a short-term rental may result in short-term rental not being allowed if the limit addressed in Section (3)(n) is met.	DCD recommends clarifying the annual inspection is a part of the renewal process.

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JCC 18.20.210 (3)(j)	N/A	New: Short-Term Rental permits shall only be valid for three years for permit holders whose primary residence is not on site.	Removed this subsection	DCD recommends removal of this subsection based on difficulty to implement residency requirement and unfair for STR to be limited to 3 years if it otherwise satisfies all the other requirements of this section.
JCC 18.20.210 (3)(k)	N/A	New: Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses, liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040 .	See (3)(g): Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses, liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040 .	
New: JCC 18.20.210 (4)	N/A	New: Addressed standards for STR with more than five guest rooms.	Consolidated requirements of Section (4) into Section (3).	DCD recommends this change to for consistency with Resolution 17-19 on regulatory reform.
New: JCC 18.20.210 (4)(d)	N/A	New: A conditional discretionary use permit shall be required.	See (3)(k): Short-term rentals with five or fewer guest rooms and	DCD recommends this change for consistency

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			10 or fewer total occupants will require a Type I hospitality permit for a short-term rental. Mostly the same as the Planning Commission's version. See (3)(l) Short term rentals with 6 or more guest rooms or more than 10 occupants requires a conditional discretionary permit and additional building requirements.	with the building code requirements.
New: JCC 18.20.210 (4)(e)(i) & (4)(f)	N/A	New: Short-term rentals shall be located at the landlord's primary residence. Landlords are prohibited from renting to 3 rd party for less than 30 days within first two years or ownership/lease.	Removed limiting STR within the first 2 years of ownership, and the residency requirement and addressed in (3)(j)	DCD recommends adding a limit to one short-term rental permit for any operator in unincorporated Jefferson County. DCD did not prohibit STR for first two years of ownership for STRs with more than 6 guest rooms.
New: JCC 18.20.210 (5)	N/A	New: Regulatory Compliance.	See subsection (3)(g) Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses,	DCD recommends revising to be more consistent with RCW 64.37.040 .

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			liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040 .	
New: JCC 18.20.210 (6)	N/A	New: Application, License and Registration required.	See subsections (3)(g) and (3)(o), above. Applications for permits for a short-term rental shall be on a form approved by the director; and subsection (4) Permitting is required for all STRs in the County.	DCD recommends revising to enhance enforcement.
New: JCC 18.20.210 (7)	N/A	New: Legal Nonconforming Use ("Grandfathering" provision)	See subsections (4)(a) and (b).	DCD recommends revising to include the effective date of the Unified Development Code (UDC), and for consistency with the definition of legal non-conforming use: JCC 18.10.140 N definitions "Nonconforming" means a use, structure, site, or lot which conformed to

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				the applicable codes in effect on the date of its creation but which no longer complies because of changes in code requirements. Nonconformity is different than and not to be confused with illegality (see "Illegal use"). Legal nonconforming lots, structures, and uses are commonly referred to as "grandfathered."
New: JCC 18.20.210 ((8)	N/A	New: Enforcement	See Section 5.	This subsection potentially conflicts with chapter 64.37 RCW. Enforcement through title 19 JCC is sufficient for this chapter.
New: JCC 18.20.210 (3)(f)	N/A	N/A	New: (3)(f)	DCD recommends adding to make clear that temporary, portable, or other structures not capable of permanent permits cannot be permitted as an STR.

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New: JCC 18.20.210 (3)(h)	N/A	N/A	New: (3)(h)	DCD recommends adding a requirement that an STR permit cannot be transferred to a separate dwelling.
New: JCC 18.20.210 (3)(i)	N/A	N/A	New: (3)(i)	DCD recommends adding a limit prohibiting renting the principal residence and the guest house on the same lot or parcel on a short-term basis.
New: JCC 18.20.210 (3)(j)	N/A	N/A	New: (3)(j)	DCD recommends adding a limit to one short-term rental permit for any operator in unincorporated Jefferson County.
New: JCC 18.20.210 (3)(k)	N/A	N/A	New: Subsection (3)(k)	DCD recommends adding language to clarify the type of permit that will be required.
New: JCC 18.20.210 (3)(m)	N/A	N/A	New: Subsection (3)(m)	DCD recommends adding a requirement that the STR must meet state and local standards for habitability and life safety conditions.

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New: JCC 18.20.210 (4)(b)	N/A	N/A	New: Subsection (4)(b) Existing short-term rentals that have been permitted by DCD after January 16, 2001 are allowed to continue, provided the short-term rental operator renews the permit and satisfies all of the requirements of this section.	DCD recommends revising and clarifying the status for existing STRs
New: JCC 18.20.210 (4)(c) and (d)	N/A	N/A	New: Subsections 4(c) and (d).	DCD recommends adding a limit related to the cap
New: JCC 18.20.210 (4)(e)	N/A	N/A	New: Subsection (4)(e) to clarify renewal process.	DCD recommends revising the renewal language.
New: JCC 18.20.210 (4)(f)	N/A	N/A	New: Subsection (4)(f) Permit Number. The short-term rental operator must include the Jefferson County permit number for the short-term rental in all advertisements and ensure its prominent display on platforms and other forums for rental (AirBnB, VRBO, Craigslist, Facebook,	Consistent with feedback from the March 17, 2025 hearing, DCD recommends adding a new requirement that valid permit number shall be included with any advertisement. This should improve enforcement and necessary to ensure all STRs have valid permit. Violation shall be

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			flyer/poster, etc.) and on marketing materials such as brochures and websites. It shall be considered a violation of this chapter to omit or provide a false permit number in any advertisements.	enforceable under Title 19 . Accountability measure for health and safety.
New: JCC 18.20.210 (6)	N/A	N/A	New: Section (6) Conflict	DCD recommends adding this savings clause to avoid successful State preemption claims.
Appendix E—JCC 18.40.040, Table 8-1				
Table 8-1	Type I Hospitality establishment permits listed in Table 3-1 in JCC 18.15.040 as "Yes".	Type I Bed and breakfast inn, bed and breakfast residence and short-term rental permits listed in Table 3-1 in JCC 18.15.040 as "Yes".	N/A	The Planning Commission's recommended STR ordinance was modified for internal consistency. DCD agrees with this Planning Commission recommendation.

APPENDIX B

Combined Version (includes both PC and DCD
recommendations and annotated explanations)

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

An Ordinance Repealing Ordinance 03-0610-24, a Moratorium on Acceptance and Processing of Application for Hospitality Establishment Permits for Transient Residences or Transient Guest Houses pursuant to Jefferson County Code (JCC) 18.20.210(3); and Adopting Amendments to JCC 17.60, General Provisions of Title 17 Master Planned Resorts; JCC 18.10 Definitions; JCC 18.15 Land Use Districts; JCC 18.20.200 Home Business; JCC 18.20.210 Hospitality establishments and JCC 18.40, Permit Application and Review Procedures/ SEPA Implementation

ORDINANCE _____

WHEREAS, the Washington Constitution, Article XI, Section [11](#), confers upon county legislative authorities the police power to adopt regulations necessary to protect the health, safety, and well-being of its residents; and

WHEREAS, RCW [36.32.120\(7\)](#) provides that the county legislative authorities shall make and enforce, by appropriate resolutions or ordinances, all such police and sanitary regulations as are not in conflict with state law; and

WHEREAS, police power is that inherent and plenary power which enables prohibition of all things hurtful to the comfort, safety and welfare of society; and

WHEREAS, the scope of police power is broad, encompassing all those measures which bear a reasonable and substantial relation to promotion of the general welfare of the people; and

WHEREAS, homelessness and housing affordability directly and indirectly impact the health, safety, and well-being of county residents and continues to present local, regional, and national challenges arising out of many social and economic factors; and

WHEREAS, Jefferson County enacted several measures to address the shortage of affordable, transitional, supportive, and emergency housing; and

WHEREAS, in 2017, the Jefferson County Board of County Commissioners adopted Resolution No. [35-17](#) to declare that an emergency exists with respect to the availability of housing that is affordable for those households earning 80 percent or less of the Jefferson County median family income, which the U.S. Department of Housing and Urban Development identifies as “low income;” and

WHEREAS, as identified in the *2019 Jefferson County Community Health Assessment Report: Summary Findings*,¹ the lack of affordable housing continues to present local challenges, especially for older adults, young families, and the working class; and

WHEREAS, in Resolution No. 63-19, the Jefferson County Board of Commissioners adopted a Five-Year Homeless Housing Plan, *Making Homelessness a Singular Occurrence – Homelessness Crisis Response and Housing Five-Year Plan for Jefferson County*, “to establish a long-term, systematic effort to address the homelessness and affordable housing crisis through a data focused vision for Jefferson County;” and

WHEREAS, Jefferson County adopted Ordinance No. 11-1221-20, imposing a sales and use tax for affordable housing and supportive services, in accordance with House Bill 1590 (chapter 222, Laws of 2020) and RCW 82.14.530, to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 05-0613-22 related to the siting, establishment, and operation of temporary housing facilities for unsheltered and unhoused individuals and families in unincorporated Jefferson County to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 04-1009-23 referenced as the Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program to reduce the debt servicing costs associated with commercial property improvements and construction including multifamily structures with five or more dwelling units to incentivize multifamily construction, rehabilitation, and repair to implement sustainable practices; and

WHEREAS, Jefferson County in partnership with the City of Port Townsend and the Housing Fund Board identified sites for transitional, supportive, and emergency housing, such as Caswell-Brown Village, to create an emergency shelter to address the foregoing challenges; and

WHEREAS, the Board of County Commissioners amended the Port Townsend Urban Growth Area (PTUGA) boundary via Ordinance No. 09-1209-24 to provide for transitional, supportive, and emergency housing including, among others, the Caswell-Brown Village site to accommodate continuum-of-care special purpose housing to address the foregoing challenges; and

WHEREAS, in partnership with the City of Port Townsend, Jefferson County advanced new affordable housing opportunities in 2024 through pre-approved residential building plans, where sweat equity, energy efficient designs, and expedited permitting may reduce housing costs to partly address the lack of housing; and

WHEREAS, the Jefferson County Comprehensive Plan contains a Housing Action Plan as Exhibit 3-7² that identifies the need to “evaluate short-term rentals to ensure such uses do not

¹ https://www.co.jefferson.wa.us/DocumentCenter/View/19190/20191104_Jefferson_CHA-Summary-Report_2019_v2, Accessed January 5, 2025.

² See: https://www.co.jefferson.wa.us/DocumentCenter/View/18001/Jefferson-CP-2018_12, at 3-19 Accessed January 5, 2025.

further restrict the housing supply for year-round residents” as one of six bulleted tasks to remove potential barriers to housing; and

WHEREAS, the county held three public meetings regarding short-term rentals, one each in Cape George and the Tri Area and a third hybrid meeting in Quilcene, during March 2024; and

WHEREAS, county staff presented the findings of these meetings to the Jefferson County Planning Commission at its regularly scheduled July 17, 2024 meeting; and

WHEREAS, on December 4, 2024, county staff obtained clarification on how to interpret the Planning Commission’s July 17, 2024 preliminary proposal regarding limiting short-term rentals for less than 30 days and exemptions; and

WHEREAS, on February 5, 2025, the Planning Commission held a duly noticed public hearing to receive testimony on the short-term rentals proposals; and

Commented [explain1]: New “Whereas” clauses were added to reflect the public process that occurred since the Planning Commission considered the draft ordinance recommended by DCD.

WHEREAS, on February 19, 2025, the Planning Commission deliberated on the testimony and record; and

WHEREAS, on March 3, 2025, the BoCC held a workshop on the Planning Commission’s recommendation, and the BoCC chose to hold their own public hearing on the proposed amendments to the relevant sections of the Jefferson County Code; and

WHEREAS, the BoCC held their own hearing on March 17, 2025 and listened to presentations by the Planning Commission and DCD staff representatives, and heard public testimony; and

WHEREAS, the BoCC extended written public comment through Friday, March 21, 2025 at 4 PM; and

WHEREAS, the BoCC continued deliberations on March 24, 2025; and

WHEREAS, the Jefferson County Department of Community Development (DCD) assumes responsibility for the environmental review and procedural steps as the “Lead Agency” pursuant to WAC 197-11-926(1); and

WHEREAS, ~~Jefferson County~~DCD analyzed the proposed legislation in accordance with the State Environmental Policy Act (SEPA), as summarized in an associated SEPA checklist, and finds that adoption of this non-project action will not result in a probable significant adverse impact to the environment;

Commented [explain2]: Clarification.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF JEFFERSON COUNTY, STATE OF WASHINGTON as follows:

Section 1. Findings of Fact. The Board of County Commissioners (BoCC) adopts the recitals above (WHEREAS clauses) as their own findings of fact for this ordinance.

Section 2. Purposes. The purpose of this ordinance is to implement the Comprehensive Plan Housing Element which contains an Action Plan as Exhibit 3-7.³ Under an Action listed as *Remove Potential Barriers to Housing*, the Action Plan states: "Evaluate short-term rentals. To ensure such uses do not further restrict the housing supply for year-round residents, the County could examine the prevalence of short-term rentals and determine if a registration program and limits on numbers, zones or locations are appropriate." Additionally, this exhibit states: "Evaluate short-term rentals using available local and state data sources." It also repeats the above: "Determine if a registration program and limits on numbers, zones, or locations are appropriate to help ensure a sufficient housing supply for year-round residents."

Section 3. Repeal Prior Ordinance. This Ordinance repeals Ordinance [No. 03-0610-24](#).

Section 4. Modification of the Jefferson County Code. JCC [17.60.070](#) shall be amended and as set forth in [Appendix A](#).

Section 5. Modification of the Jefferson County Code. Chapter [18.10](#) JCC shall be amended as set forth in [Appendix B](#).

Section 6. Modification of the Jefferson County Code. JCC [18.15.040](#), Table 3-1 shall be amended as set forth in [Appendix C](#).

Section 7. Modification of the Jefferson County Code. JCC [18.20.200](#) and [18.20.210](#) shall be amended as set forth in [Appendix D](#).

Section 8. Modification of the Jefferson County Code. JCC [18.40.040](#), Table 8-1 shall be amended as set forth in [Appendix E](#).

Section 9. Severability. The provisions of this ordinance are declared separate and severable. If any section, clause, sentence, or phrase of this chapter is held to be invalid or unconstitutional by any court of competent jurisdiction, that holding shall in no way affect the validity of remainder of the code or application of its provision to other persons or circumstances.

Section 9. SEPA Compliance. DCD issued a threshold Determination of Non-Significance (DNS) on January 22, 2025.

Section 10. Effective Date. This Ordinance shall take effect immediately upon adoption by the Board of County Commissioners.

(SIGNATURES FOLLOW ON THE NEXT PAGE)

³ See: https://www.co.jefferson.wa.us/DocumentCenter/View/18001/Jefferson-CP-2018_12, at 3-19 Accessed January 5, 2025.

APPROVED and ADOPTED this _____ day of _____, 2025.

JEFFERSON COUNTY BOARD OF
COMMISSIONERS

Heidi Eisenhour, Chair

Greg Brotherton, Member

Heather Dudley-Nollette, Member

SEAL:

ATTEST:

Carolyn Gallaway, CMC Date
Clerk of the Board

Approved as to form only:

Philip Hunsucker Date
Chief Civil Deputy Prosecuting Attorney

APPENDICES

Proposed Amendments to Jefferson County Code (JCC) Title [17](#) and Title [18](#), pertaining to Hospitality Establishments.

Strikethrough (e.g., ~~striktthrough~~) denotes a deletion; underline denotes an addition.

APPENDIX A

17.60.070 Resort cap and residential use restrictions.

Pursuant to Ordinance 01-0128-08, the Pleasant Harbor MPR in total shall have a development cap of up to 890 residential units; provided, however, short-term visitor accommodation units and short-term rental units shall constitute not less than 65 percent of the total units including, but not limited to, hotels, motels, lodges, and any residential uses allowed under each zone. Short-term visitor accommodation units and short-term rental units shall be construed to mean occupancies less than 30 ~~days~~^{nights}. The Pleasant Harbor MPR in total shall have a development cap of 56,608 square feet of resort commercial, retail, restaurant, and conference space. [Ord. 3-18 § 2 (Att. 1)]

Commented [explain3]: DCD revised for consistency with chapter 64.37 RCW, which uses "nights" instead of "days."

APPENDIX B

The following changes are made to Chapter 18.10 JCC:

18.10.120 L. Definitions

“Landlord” means, as specified in RCW 59.18.030(16), the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

Commented [explain4]: DCD recommends not using added the definition of “landlord” as unnecessary, and to avoid a conflict with chapter 64.37 RCW, that might lead to an unnecessary preemption challenge.

18.10.160 P definitions.

“Primary residence” means a person’s usual place of return for housing as documented by motor vehicle registration, driver’s license, voter registration, or other such evidence as determined by the Director. A person may have only one primary residence.

Commented [explain5]: DCD recommends not adding this definition. The definition is related to a residency requirement that is not recommended.

18.10.190 S Definitions.

“Short-term rental” means a lodging use, that is not a hotel, motel, or bed and breakfast, in which a primary or accessory dwelling unit, or portion thereof, is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights, as set forth in RCW 64.37.010(9)(a).

“Short-term rental advertisement” means any method of soliciting use of a dwelling unit for short-term rental purposes.

“Short-term rental operator” or “operator” means any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.

“Short-term rental platform” or “platform” means a person that provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the person or entity financially benefits. Merely publishing a short-term rental advertisement for accommodations does not make the publisher a short-term rental platform.

The remaining portions of chapter 18.10 JCC are not changed.

APPENDIX C

Changes to JCC 18.15.040, Table 3-1 are as follows:

Table 3-1. Allowable and Prohibited Uses

Specific Land Use	Resource Lands		Rural Residential			Rural Commercial				Rural Industrial					Public	UGA
	Agricultural – Prime and Local	Forest – Commercial, Rural and Inholding	1 DU/5 Acres	1 DU/10 Acres	1 DU/20 Acres	Rural Village Center	Convenience Crossroad	Neighborhood/Visitor Crossroad	General Crossroad	Resource-Based Industrial	Light Industrial/Commercial (Glen Cove)	Light Industrial (Glen Cove)	Light Industrial/Manufacturing (Quilcene and Eastview)	Heavy Industrial	Parks, Preserves and Recreation	Irondale and Port Hadlock Urban Growth Area
	AG	CF/RF/IF	RR 1:5	RR 1:10	RR 1:20	RVC	CC	NC	GC	RBI	LI/C	LI	LI/M	HI	PPR	UGA
Residential Uses																
Short-Term Rentals with 5 or fewer guest rooms for use by or fewer occupants	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	
Commercial Uses																
Short-Term Rentals with more than 5 guest rooms for use by more than 10 occupants	C(d)	C(d)	C(d)	C(d)	C(d)	C(d)	No	No	No	No	No	No	No	No	No	

Commented [explain6]: "And" corrected to "or."

Commented [explain7]: This adjustment stems from residential building code requirement: More than 5 units ~~or~~ 10 persons would subject a structure to commercial code.

Commented [explain8]: "And" corrected to "or."

Commented [explain9]: This adjustment stems from building code requirement: More than 5 units ~~or~~ 10 persons would subject a structure to commercial code.

APPENDIX D

Changes to JCC 18.20.200 and JCC 18.20.210 are as follows:

18.20.200 Home Business

Home businesses are accessory to the primary residential use and are permitted in any dwelling unit or accessory structure. All home businesses shall be reviewed as Type I permit decisions, except as exempted under subsection (3) of this section.

(1) The following list of uses is not intended to be exhaustive, but rather is intended to be illustrative of the types of uses:

- (a) Artists, photographers, and sculptors;
- (b) Authors and composers;
- (c) Dressmakers, seamstresses, and tailors;
- (d) Home day care;
- (e) Home crafts such as model making, rug weaving, lapidary work, woodworking, and ceramics;
- (f) Office facility of a minister, rabbi, priest or other similar person associated with a religious organization;
- (g) Business office facility of a salesman, sales representative or manufacturer's representative, architect, artist, broker, dentist, physician, public relations practitioner, engineer, planner, instructor in music, arts and crafts, insurance agent, land surveyor, lawyer, musician, real estate agent, or typist;
- (h) Classes of specialized instruction; and
- (i) Barbershops and beauty parlors.

18.20.210 Hospitality establishments.

(1) Bed and Breakfast Inns. The following standards apply to all bed and breakfast inns:

- (a) No more than six guest sleeping rooms shall be accommodated in any bed and breakfast inn.
- (b) If a building is on a federal, state, or local register of historic structures, then the owner may apply for a bed and breakfast inn for up to 10 rooms. A conditional use permit may be granted if the historic character and fabric of the building are preserved, if there are no new

Commented [explain10]: Modifications to Section 18.20.200 proposed in both the Planning Commission's recommended STR ordinance and the DCD proposed revision are the same. Both the Planning Commission's recommended STR ordinance and the DCD proposed revision propose deleting "(j) Bed and breakfast residences."

Commented [explain11]: No modifications to Section 18.20.210 proposed from the Planning Commission version. Both the Planning Commission and the DCD revisions propose the following modification: (f) Guest occupancies for a fee shall be limited to fewer than thirty consecutive nights no more than 30 consecutive days.

structures or additions to the existing structure(s), and if all other bed and breakfast inn standards and restrictions are met.

- (c) Meals may only be served to overnight guests.
- (d) Kitchen facilities are prohibited in guest rooms.
- (e) Bed and breakfast inns shall be restricted to proprietor-occupied, single-family residences.
- (f) Guest occupancies for a fee shall be limited to fewer than thirty consecutive nights.
- (g) The exterior of the building shall retain a residential appearance.
- (h) Bed and breakfast inns shall be operated in a way that will prevent unreasonable disturbance to area residents.
- (i) One off-street parking space shall be provided for each guest room in addition to parking required for the residence. All parking spaces shall meet the standards of Chapter [18.30](#) JCC.
- (j) Approval shall be conditional upon compliance with all applicable building code requirements, state liquor laws, and state sanitation requirements.
- (k) No more than one sign is allowed, consistent with the sign standards in JCC [18.30.150](#).
- (l) All bed and breakfast inns are subject to the applicable water and food service sanitation requirements established by the Washington State Board of Health and the Jefferson County board of health.

(2) Bed and Breakfast Residence. The following standards apply to all bed and breakfast residences:

- (a) Bed and breakfast residences shall be restricted to owner-occupied single-family residences.
- (b) No more than three guest sleeping rooms shall be available for the accommodation of bed and breakfast residence guests.
- (c) Guest occupancies for a fee shall be limited to fewer than thirty consecutive nights.
- (d) Meals may only be served to overnight guests.
- (e) The bed and breakfast residence shall be operated in a way that will prevent unreasonable disturbance to area residents.

(f) One off-street parking space shall be provided for each guest room in addition to parking required for the residence.

(g) Approval shall be conditional upon compliance with all applicable building code requirements, state liquor laws, and state sanitation requirements.

(h) No more than one sign is allowed, consistent with sign standards in JCC [18.30.150](#).

(3) Short-Term Rental ~~with five or fewer guest rooms~~. The following standards apply to all short-term rentals of single-family residential units or portions thereof:

(a) The short-term rental shall be operated in a way that will prevent unreasonable disturbances to area residents.

Commented [explain12]: DCD propose revisions addressed in Section 3(k) and adds occupants limit to address the Department of Environmental Public Health's concerns about on-site sewage requirements in chapter [8.15 JCC](#).

Commented [explain13]: Same as Planning Commission's subsection 3(a).

(b) ~~At least one additional off-street All parking space must be contained onsite, as determined by DCD. All parking spaces shall be provided to meet the short-term rental use in addition to the parking required for the residence or guest house, (standards of Chapter 18.30 JCC.~~

Commented [explain14]: Planning Commission's Section 3(b) revised to require all parking spaces on-site as determined by DCD. This change tightens the parking requirements and makes them all on-site.

(c) If any food service is to be provided the requirements for a bed and breakfast residence ~~must~~ shall be met.

Commented [explain15]: Same as Planning Commission's recommendation in 3(c), except "must" changed to "shall" since "shall" has a defined meaning in the law an "must" does not.

(d) No outdoor advertising signs are ~~allowed~~.

Commented [explain16]: DCD revision shown in new subsection (e) allows 4 sq. ft identification sign to aid in finding the dwelling.

(e) ~~One identification (ID) placard identifying the name of the rental is allowed onsite and shall not exceed four square feet in size. Short-term rentals shall not exceed 4% of the unincorporated Jefferson County housing unit total not including:~~

i. Master-planned resorts; ii. Hospitality permits approved under prior regulations; or

iii. Short-term rentals for less than 30 days predating hospitality regulations;

Commented [explain17]: Planning Commission's language on the cap in subsection (e) is addressed in Section 3(n), below.

(f) ~~Subject to the established maximum numbers of short-term rentals, rentals for less than 30 days are permissible where the land owner is a resident of Jefferson County and the landowner or a qualified representative is in Jefferson County during the entire rental period.~~

Commented [explain18]: DCD recommends removing the residency requirement in subsection (f) of the Planning Commission's recommended STR ordinance. This is addressed in Section 3(j), below. The Planning Commission's recommended STR ordinance would limit STRs to one landowner only and would be difficult to enforce.

(g) ~~(fe)~~ In no case shall the short-term rental exceed the design capacity of the permitted on-site sewage system.

Commented [explain19]: Same as in Planning Commission recommendations subsection (g).

(h) ~~In each of the county's zip codes, rentals for less than 30 days shall not exceed the number established by the Board of County Commissioners. In the event the Board has not established maximum numbers of rentals (cap) in each zip code, the cap in each zone shall not exceed 4% of the total number of housing units as estimated by the Office of Financial Management.~~

Commented [explain20]: Planning Commission recommendation in subsection (j) has been addressed in Section 3(n) and 4(c), below. The cap for each zip code would be based on census data.

~~(i) Short-Term Rental permits shall be inspected annually.~~

Commented [explain21]: Subsection (i) of the Planning Commission's recommended STR ordinance is now addressed in Section 3(d), below, on STR renewal process.

~~(j) Short-Term Rental permits shall only be valid for three years for permit holders whose primary residence is not on-site.~~

Commented [explain22]: DCD recommends removal of subsection (j) in the Planning Commission's recommended STR ordinance based on difficulty to implement residency requirement and unfairness for an STR to be limited to 3 years if it otherwise satisfies all the other requirements of this section.

~~(k)-(f) Short-term rentals are not permitted in any temporary, portable, or other structure not permitted by the County for permanent occupancy (e.g., boat, tent, yurt, RV, etc.).~~

Commented [explain23]: New subsection (f) recommend by DCD to make clear that temporary, portable, or other structures not capable of permanent permits cannot be permitted as an STR.

~~(g) Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses, liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040.~~

Commented [explain24]: Same as subsection 3(k) of the Planning Commission's recommended STR ordinance.

~~(h) A short-term rental permit shall be tied to the property and cannot be transferred to a separate dwelling.~~

Commented [explain25]: DCD recommends adding a requirement that an STR permit cannot be transferred to a separate dwelling.

~~(4i) The owner or operator may rent the principal residence or the guest house on the same lot or parcel on a short-term basis, but not both.~~

Commented [explain26]: DCD recommends adding limit prohibiting renting the principal residence and the guest house on the same lot or parcel on a short-term basis.

~~(i) A short-term rental operator shall not hold more than one hospitality permit for a short-term rental in unincorporated Jefferson County.~~

Commented [explain27]: DCD recommends adding a limit to one short-term rental permit for any operator in unincorporated Jefferson County.

~~(k) Short-Term Rental term rentals with more than five or fewer guest rooms. The following standards apply to short-term (less than 30 days) rentals of single-family residential units or portions thereof: and 10 or fewer total occupants will require a Type I hospitality permit for a short-term rental.~~

Commented [explain28]: DCD recommends adding this language to clarify the type of permit that will be required.

~~(d) A (1) Short-term rentals with six or more guest rooms and greater than 10 total occupants shall require a conditional discretionary use permit shall be required and additional building requirements.~~

Commented [explain29]: DCD recommends modifying subsection (d) of the Planning Commission recommendations.

~~(e) With m) Must meet state and local standards for habitable space and life safety conditions.~~

Commented [explain30]: DCD recommends adding a requirement that the STR must meet state and local standards for habitability and life safety conditions.

~~(n) For six months after the adoption of this chapter, DCD will accept all short-term rental applications. After this six-month grace period, the following limit will apply to the renting of the entire primary or accessory dwelling (i.e., excluding the renting of STRs occupied by the landowners). Short-term rentals within Master Plan Resorts (MPR) are excepted from the exception of cap on short-term rentals identified. Short-term rentals shall be limited to four percent of the dwellings in JCC 18-unincorporated Jefferson County housing, as determined by DCD. Based on OFM (Office of Financial Management) data, there are 11,694 dwellings outside of MPR. Four percent of these dwellings would equate to 468 short-term rentals allowed at this time. The short-term rentals will be distributed prepositional based on the housing stock in each zip code (i.e., if Port Townsend zip code has 230.210(3)(e), percent of the housing stock they would be allowed 230% of the short-term rentals based on the U.S. Census). Every year DCD will update the number of dwelling units, the number of short-term rentals allowed and the number of short-term~~

Commented [explain31]: DCD recommends modifying this subsection based on feedback at the public hearing on March 17, 2025.

Commented [explain32]: DCD recommends making this correction. This recommendation was made after feedback at March 17, 2025 hearing.

Commented [explain33]: DCD recommends making this correction. This recommendation was made after feedback at March 17, 2025 hearing.

rental permits that have a valid permit from DCD. If the maximum number of short-term rentals shall not exceed the maximum cap as set forth in 18.20.210(3); and is reached, DCD will have a waiting list for new short-term rentals.

(i) Landlords are prohibited from renting to a third party for less than 30 days within the first two (2) calendar years of ownership or lease; and

(ii) The number of short-term rentals within each of the county's zip codes shall not exceed the amount specified in JCC 18.20.210(3).

(f) Short-term rentals shall be located at the landlord's primary residence

(5) Regulatory Compliance. Bed and breakfast inns, bed and breakfast residences, and short-term rentals shall comply with all local and state regulations, including those pertaining to business licenses, liability insurances and taxes, and registering with the Washington Department of Revenue. For the avoidance of doubt, compliance "state regulations" includes, without limitation, compliance with all of the requirements in Chapter 64.37 RCW.

(6) Application, License and Registration required:

(a) An application permits for approval of any bed and breakfast inn, bed and breakfast residence, or a short-term rental shall be filed with the department on forms developed a form approved by the department/director.

(b) An application for a bed and breakfast inn, bed and breakfast residence, or short-term rental shall not be considered complete unless it includes a true and correct copy of every license or registration from the Washington Department of Revenue required by it under Chapter 64.37 RCW.

(c) The department shall maintain a list of all approved applications for Bed and breakfast inns, bed and breakfast residences, and short-term rentals, which shall be accessible on the department's web site.

(7) Legal non-conforming housing units (sometimes called grandfathering) shall not be included under this chapter 18.210(3) and (4), but must:

(a) At a minimum, prior users must demonstrate that the current use is essentially the same as before July 10, 2006 (when JCC 18.20.210 was adopted), and

(b) Even if prior use is established, it must meet life safety

(4) Permitting is required for all short-term rentals in the County.

(a) A short-term rental that existed prior to the establishment of the original Unified Development Code with an effective date of January 16, 2001 shall be established as a legal non-conforming use if all of the following requirements are satisfied:

Commented [explain34]: DCD recommends modifying the cap language from subsection (4)(e) of the Planning Commission recommended STR ordinance.

Commented [explain35]: DCD recommends removing the residency requirement.

Commented [explain36]: Subsection (5) of the Planning Commission's recommended STR ordinance is addressed in Section 3(g).

Commented [explain37]: Section (6)(a) of the Planning Commission's recommended STR ordinance is addressed in Section 4, above.

Commented [explain38]: Section (6)(a) of the Planning Commission's recommended STR ordinance is addressed in Section (3)(g), above.

Commented [explain39]: Section (6)(c) of the Planning Commission's recommended STR ordinance is addressed in Section (3)(l), above.

Commented [explain40]: Section (7) of the Planning Commission's recommended STR ordinance is addressed in Section (4)(d), above.

Commented [explain41]: Subsections (4)(a) and (b) are the revised legal non-conforming use sections that DCD recommends.

(i) The short-term rental operator provides proof to the satisfaction of the director that the lot or parcel was the location of a short-term rental and that applicable sales and lodging taxes pursuant to chapter 64.37 RCW were remitted to the authorized collector prior to January 16, 2001; and

(ii) Apply for and obtain a hospitality permit for a short-term rental permit within ~~90 days~~ **6 months** from the date of the adoption of this Ordinance.

Commented [explain42]: DCD recommends revising this subsection based on feedback at the March 17, 2025 hearing.

~~(b) Existing short-term rentals that have been permitted by DCD after January 16, 2001 are allowed to continue, provided the short-term rental operator renews the permit and satisfies all of the requirements of this section. A short-term rental that existed prior to the establishment of the original Unified Development Code effective January 16, 2001 may continue, provided the short-term rental operator renews the permit and satisfies all the requirements, state of this section.~~

Commented [explain43]: DCD recommends revising this subsection based on feedback at the March 17, 2025.

~~(c) The number of new short-term rentals limit addressed in section 3(n) shall be reduced by the number of pre-existing short-term rentals addressed in in Section 4(a) and (b) above.~~

Commented [explain44]: DCD recommends adding a limit related to the cap in section (3)(n).

~~(d) New short-term rental applications shall be accepted until the limit addressed in Section 3(n) above is met. Once a hospitality permit for a short-term rental is issued, the permit may continue, provided the short-term rental operator renews the permit and satisfies all the requirements, i.e., 64.37 RCW & licensing of this chapter.~~

Commented [explain45]: DCD recommends adding a limit related to the cap in section (3)(n).

(e) Short-Term Rental Permit Renewal:

(i) Application for renewal shall occur annually and at least 30 days prior expiration of the hospitality permit for a short-term rental.

(ii) Renewal fees for a hospitality permit for a short-term rental shall be per the applicable fee schedule.

(iii) Renewal of an existing permit for a short-term rental requires an inspection addressing fire, safety, and health requirements.

~~(8)-(iv) Failure to renew a permit for a short-term rental may result in short-term rental not being allowed if the limit addressed in Section 3(n) is met.~~

Commented [explain46]: DCD recommends adding revised renewal language.

(f) Permit Number. The short-term rental operator shall include the Jefferson County permit number for the short-term rental in all advertisements and ensure its prominent display on all platforms and other forums for rental of the short-term rental, including but not limited to Airbnb, VRBO, Craigslist, Facebook, flyers or posters and on marketing materials such as brochures and websites. Any failure to provide a valid permit number or posting a false permit number is prohibited and shall be subject to enforcement as a violation of this chapter.

Commented [explain47]: DCD recommends revision based on feedback at the March 17, 2025 hearing. DCD recommends adding new requirement that a valid permit number for a Jefferson County hospitality permit for short term rental shall be included with any advertisement by the operator of the STR.

(5) Enforcement.

(a) The provisions of this chapter shall be enforced under Title 19 of the Jefferson County Code. Jefferson County may seek any remedy available under law as is necessary to prevent or correct any violation of this chapter.

~~(b) Any short-term rental platform or other advertisement of a short-term rental in unincorporated Jefferson County shall:~~

- ~~(i) Register the platform's name or advertisement location, contact person, and website address with the department prior to operating;~~
- ~~(ii) Provide a list of all active short-term rental listings within the municipal boundaries of Jefferson County with the department;~~
- ~~(iii) Advertise only those short-term rentals with valid permits; and~~
- ~~(iv) Comply with all local and state regulation governing short-term rentals.~~

(6) Conflict. If any county regulations herein are found to be in conflict with chapter 64.37 RCW, the provisions of chapter 64.37 RCW shall apply.

Commented [explain48]: DCD revisions did not include Section 8(b) but could be added if deemed appropriate/necessary. However, this subsection potentially conflicts with chapter [64.37](#) RCW.

Commented [explain49]: DCD recommends adding this savings clause to avoid claims based on State preemption.

APPENDIX E

Changes to JCC 18.40.040, Table 8-1 are as follows:

Table 8-1. Permits – Decisions

Type I ²	Type II	Type III	Type IV	Type V
Bed and breakfast inn, bed and breakfast residence and short-term rental permits listed in Table 3-1 in JCC 18.15.040 as “Yes”.	Discretionary conditional use permits under JCC 18.40.520(2) listed in Table 3-1 in JCC 18.15.040 as “C(d)” unless Type III process required by administrator.			

APPENDIX C

Planning Commission Recommendation
(February 25, 2025)



DEPARTMENT OF COMMUNITY DEVELOPMENT

21 Sheridan Street, Port Townsend, WA 98368

Tel: 360.379.4450 | Fax: 360.379.4451

Web: www.co.jefferson.wa.us/communitydevelopment

E-mail: dcd@co.jefferson.wa.us

Richard Hull, PhD
Chairman
Jefferson County Planning Commission
621 Sheridan Street
Port Townsend, Washington 98368

February 20, 2025

Chair and Members of the Jefferson County Board of County Commissioners
Jefferson County Courthouse
1820 Jefferson Street
Port Townsend, Washington 98368

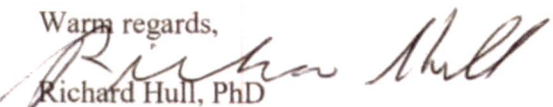
Dear Chair Eisenhower and Members of the Board:

I have attached the Planning Commission's recommendation to improve the Short-Term Rental regulations, arising out of a moratorium that necessitates an exception to the annual amendment process. Attached to this letter is a copy of the ordinance approved by the Planning Commission at their regular February 19, 2025 meeting.

After a series of workshops in each of the Board of County Commissioner Districts in 2024, public outreach through press releases and a duly noticed public hearing on February 5, 2025, documented in the "WHEREAS CLAUSES" of the attached ordinance, the Planning Commission reached a final decision on recommended updates to Short-Term Rental regulations. The Planning Commission recommends Unified Development Code text amendments, as more fully set forth in the attached ordinance that reviewed criteria related to growth and development, capacity of the county to provide adequate services especially with regards to enforcement, demand and need for short-term rentals (STR) and long-term housing, and the validity of county-wide attitudes and circumstances regarding STRs.

Please do not hesitate to reach out to the Planning Commission with any additional questions.

Warm regards,


Richard Hull, PhD
Chairman, Jefferson County Planning Commission

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

An Ordinance Repealing Ordinance 03-0610-24, a Moratorium on Acceptance and Processing of Application for Hospitality Establishment Permits for Transient Residences or Transient Guest Houses pursuant to Jefferson County Code (JCC) 18.20.210(3); and Adopting Amendments to JCC 17.60, General Provisions of Title 17 Master Planned Resorts; JCC 18.10 Definitions; JCC 18.15 Land Use Districts; JCC 18.20.200 Home Business; JCC 18.20.210 Hospitality establishments and JCC 18.40, Permit Application and Review Procedures/ SEPA Implementation

ORDINANCE _____

WHEREAS, the Washington Constitution, Article XI, Section [11](#), confers upon county legislative authorities the police power to adopt regulations necessary to protect the health, safety, and well-being of its residents; and

WHEREAS, RCW [36.32.120\(7\)](#) provides that the county legislative authorities shall make and enforce, by appropriate resolutions or ordinances, all such police and sanitary regulations as are not in conflict with state law; and

WHEREAS, police power is that inherent and plenary power which enables prohibition of all things hurtful to the comfort, safety and welfare of society; and

WHEREAS, the scope of police power is broad, encompassing all those measures which bear a reasonable and substantial relation to promotion of the general welfare of the people; and

WHEREAS, homelessness and housing affordability directly and indirectly impact the health, safety, and well-being of county residents and continues to present local, regional, and national challenges arising out of many social and economic factors; and

WHEREAS, Jefferson County enacted several measures to address the shortage of affordable, transitional, supportive, and emergency housing; and

WHEREAS, in 2017, the Jefferson County Board of County Commissioners adopted Resolution No. [35-17](#) to declare that an emergency exists with respect to the availability of housing that is affordable for those households earning 80 percent or less of the Jefferson County median family income, which the U.S. Department of Housing and Urban Development identifies as “low income;” and

WHEREAS, as identified in the *2019 Jefferson County Community Health Assessment Report: Summary Findings*,¹ the lack of affordable housing continues to present local challenges, especially for older adults, young families, and the working class; and

WHEREAS, in Resolution No. [63-19](#), the Jefferson County Board of Commissioners adopted a Five-Year Homeless Housing Plan, *Making Homelessness a Singular Occurrence – Homelessness Crisis Response and Housing Five-Year Plan for Jefferson County*, “to establish a long-term, systematic effort to address the homelessness and affordable housing crisis through a data focused vision for Jefferson County;” and

WHEREAS, Jefferson County adopted Ordinance No. 11-1221-20, imposing a sales and use tax for affordable housing and supportive services, in accordance with House Bill [1590](#) (chapter 222, Laws of 2020) and RCW [82.14.530](#), to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 05-0613-22 related to the siting, establishment, and operation of temporary housing facilities for unsheltered and unhoused individuals and families in unincorporated Jefferson County to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 04-1009-23 referenced as the Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program to reduce the debt servicing costs associated with commercial property improvements and construction including multifamily structures with five or more dwelling units to incentivize multifamily construction, rehabilitation, and repair to implement sustainable practices; and

WHEREAS, Jefferson County in partnership with the City of Port Townsend and the Housing Fund Board identified sites for transitional, supportive, and emergency housing, such as Caswell-Brown Village, to create an emergency shelter to address the foregoing challenges; and

WHEREAS, the Board of County Commissioners amended the Port Townsend Urban Growth Area (PTUGA) boundary via Ordinance No. 09-1209-24 to provide for transitional, supportive, and emergency housing including, among others, the Caswell-Brown Village site to accommodate continuum-of-care special purpose housing to address the foregoing challenges; and

WHEREAS, in partnership with the City of Port Townsend, Jefferson County advanced new affordable housing opportunities in 2024 through pre-approved residential building plans, where sweat equity, energy efficient designs, and expedited permitting may reduce housing costs to partly address the lack of housing; and

WHEREAS, the Jefferson County Comprehensive Plan contains a Housing Action Plan as Exhibit 3-7² that identifies the need to “evaluate short-term rentals to ensure such uses do not

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further restrict the housing supply for year-round residents” as one of six bulleted tasks to remove potential barriers to housing; and

WHEREAS, the county held three public meetings regarding short-term rentals, one each in Cape George and the Tri Area and a third hybrid meeting in Quilcene, during March 2024; and

WHEREAS, county staff presented the findings of these meetings to the Jefferson County Planning Commission at its regularly scheduled July 17, 2024 meeting; and

WHEREAS, on December 4, 2024, county staff obtained clarification on how to interpret the Planning Commission’s July 17, 2024 preliminary proposal regarding limiting short-term rentals for less than 30 days and exemptions; and

WHEREAS, the Jefferson County Department of Community Development (DCD) assumes responsibility for the environmental review and procedural steps as the “Lead Agency” pursuant to WAC [197-11-926\(1\)](#); and

WHEREAS, Jefferson County analyzed the proposed legislation in accordance with the State Environmental Policy Act (SEPA), as summarized in an associated SEPA checklist, and finds that adoption of this non-project action will not result in a probable significant adverse impact to the environment;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF JEFFERSON COUNTY, STATE OF WASHINGTON as follows:

Section 1. Findings of Fact. The Board of County Commissioners (BoCC) adopts the recitals above (WHEREAS clauses) as their own findings of fact for this ordinance.

Section 2. Purposes. The purpose of this ordinance is to implement the Comprehensive Plan Housing Element which contains an Action Plan as Exhibit 3-7.³ Under an Action listed as *Remove Potential Barriers to Housing*, the Action Plan states: “Evaluate short-term rentals. To ensure such uses do not further restrict the housing supply for year-round residents, the County could examine the prevalence of short-term rentals and determine if a registration program and limits on numbers, zones or locations are appropriate.” Additionally, this exhibit states: “Evaluate short-term rentals using available local and state data sources.” It also repeats the above: “Determine if a registration program and limits on numbers, zones, or locations are appropriate to help ensure a sufficient housing supply for year-round residents.”

Section 3. Repeal Prior Ordinance. This Ordinance repeals Ordinance No. 03-0610-24.

Section 4. Modification of the Jefferson County Code. JCC [17.60.070](#) shall be amended and as set forth in Appendix A.

³ See: https://www.co.jefferson.wa.us/DocumentCenter/View/18001/Jefferson-CP-2018_12, at 3-19 Accessed January 5, 2025.

Section 5. Modification of the Jefferson County Code. Chapter [18.10](#) JCC shall be amended as set forth in Appendix B.

Section 6. Modification of the Jefferson County Code. JCC 18.15.040, Table 3-1 shall be amended as set forth in Appendix C.

Section 7. Modification of the Jefferson County Code. JCC 18.20.200 and [18.20.210](#) shall be amended as set forth in Appendix D.

Section 8. Modification of the Jefferson County Code. JCC 18.40.040, Table 8-1 shall be amended as set forth in Appendix E.

Section 9. Severability. The provisions of this ordinance are declared separate and severable. If any section, clause, sentence, or phrase of this chapter is held to be invalid or unconstitutional by any court of competent jurisdiction, that holding shall in no way affect the validity of remainder of the code or application of its provision to other persons or circumstances.

Section 9. SEPA Compliance. DCD issued a threshold Determination of Non-Significance (DNS) on January 22, 2025.

Section 10. Effective Date. This Ordinance shall take effect immediately upon adoption by the Board of County Commissioners.

(SIGNATURES FOLLOW ON THE NEXT PAGE)

APPROVED and ADOPTED this _____ day of _____, 2025.

JEFFERSON COUNTY BOARD OF
COMMISSIONERS

Heidi Eisenhour, Chair

Greg Brotherton, Member

Heather Dudley-Nollette, Member

SEAL:

ATTEST:

Carolyn Gallaway, CMC Date
Clerk of the Board

Approved as to form only:

Philip Hunsucker Date
Chief Civil Deputy Prosecuting Attorney

APPENDICES

Proposed Amendments to Jefferson County Code (JCC) Title [17](#) and Title [18](#), pertaining to Hospitality Establishments.

Strikethrough (e.g., ~~striketrough~~) denotes a deletion; underline denotes an addition.

APPENDIX A

17.60.070 Resort cap and residential use restrictions.

Pursuant to Ordinance 01-0128-08, the Pleasant Harbor MPR in total shall have a development cap of up to 890 residential units; provided, however, short-term visitor accommodation units and short-term rental units shall constitute not less than 65 percent of the total units including, but not limited to, hotels, motels, lodges, and any residential uses allowed under each zone. Short-term visitor accommodation units and short-term rental units shall be construed to mean occupancies ~~equal to or~~ less than 30 days. The Pleasant Harbor MPR in total shall have a development cap of 56,608 square feet of resort commercial, retail, restaurant, and conference space. [Ord. 3-18 § 2 (Att. 1)]

APPENDIX B

The following changes are made to Chapter 18.10 JCC:

18.10.120 L. Definitions

“Landlord” means, as specified in RCW 59.18.030(16), the owner, lessor, or sublessor of the dwelling unit or the property of which it is a part, and in addition means any person designated as representative of the owner, lessor, or sublessor including, but not limited to, an agent, a resident manager, or a designated property manager.

18.10.160 P definitions.

“Primary residence” means a person’s usual place of return for housing as documented by motor vehicle registration, driver’s license, voter registration, or other such evidence as determined by the Director. A person may have only one primary residence.

18.10.190 S Definitions.

“Short-term rental” means a lodging use, that is not a hotel, motel, or bed and breakfast, in which a primary or accessory dwelling unit, or portion thereof, is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights, as set forth in RCW 64.37.010(9)(a).

“Short-term rental advertisement” means any method of soliciting use of a dwelling unit for short-term rental purposes.

“Short-term rental operator” or “operator” means any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.

“Short-term rental platform” or “platform” means a person that provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the person or entity financially benefits. Merely publishing a short-term rental advertisement for accommodations does not make the publisher a short-term rental platform.

~~18.10.2000 T definitions~~

~~“Transient accommodations” means a commercial use involving the rental of any structure or portion thereof for the purpose of providing lodging for periods less than 30 days.~~

~~“Transient residence” or “transient ADU” means a single-family residential unit or ADU used for short-term transient occupancy (for periods less than 30 days).~~

The remaining portions of chapter 18.10 JCC are not changed.

APPENDIX C

Changes to JCC 18.15.040, Table 3-1 are as follows:

Table 3-1. Allowable and Prohibited Uses

	Resource Lands		Rural Residential			Rural Commercial				Rural Industrial					Public	UGA
	Agricultural – Prime and Local	Forest – Commercial, Rural and Inholding	1 DU/5 Acres	1 DU/10 Acres	1 DU/20 Acres	Rural Village Center	Convenience Crossroad	Neighborhood/Visitor Crossroad	General Crossroad	Resource-Based Industrial	Light Industrial/Commercial (Glen Cove)	Light Industrial (Glen Cove)	Light Industrial/Manufacturing (Quilcene and Eastview)	Heavy Industrial	Parks, Preserves and Recreation	Irondale and Port Hadlock Urban Growth Area
Specific Land Use	AG	CF/RF/IF	RR 1:5	RR 1:10	RR 1:20	RVC	CC	NC	GC	RBI	LI/C	LI	LI/M	HI	PPR	UGA
Residential Uses																See Chapter 18.18 JCC
Transient rental-of residence or accessory dwelling unitShort-Term Rentals with 5 or fewer guest rooms	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	
Commercial Uses																
Short-Term Rentals with more than 5 guest rooms	C(d)	C(d)	C(d)	C(d)	C(d)	C(d)	No	No	No	No	No	No	No	No	No	

APPENDIX D

Changes to JCC 18.20.200 and JCC 18.20.210 are as follows:

18.20.200 Home Business

Home businesses are accessory to the primary residential use and are permitted in any dwelling unit or accessory structure. All home businesses shall be reviewed as Type I permit decisions, except as exempted under subsection (3) of this section.

(1) The following list of uses is not intended to be exhaustive, but rather is intended to be illustrative of the types of uses:

- (a) Artists, photographers, and sculptors;
- (b) Authors and composers;
- (c) Dressmakers, seamstresses, and tailors;
- (d) Home day care;
- (e) Home crafts such as model making, rug weaving, lapidary work, woodworking, and ceramics;
- (f) Office facility of a minister, rabbi, priest or other similar person associated with a religious organization;
- (g) Business office facility of a salesman, sales representative or manufacturer's representative, architect, artist, broker, dentist, physician, public relations practitioner, engineer, planner, instructor in music, arts and crafts, insurance agent, land surveyor, lawyer, musician, real estate agent, or typist;
- (h) Classes of specialized instruction; and
- (i) Barbershops and beauty parlors; and
- ~~(j) Bed and breakfast residences.~~

18.20.210 Hospitality establishments.

(1) Bed and Breakfast Inns. The following standards apply to all bed and breakfast inns:

- (a) No more than six guest sleeping rooms shall be accommodated in any bed and breakfast inn.

(b) If a building is on a federal, state, or local register of historic structures, then the owner may apply for a bed and breakfast inn for up to 10 rooms. A conditional use permit may be granted if the historic character and fabric of the building are preserved, if there are no new structures or additions to the existing structure(s), and if all other bed and breakfast inn standards and restrictions are met.

(c) Meals may only be served to overnight guests.

(d) Kitchen facilities are prohibited in guest rooms.

(e) Bed and breakfast inns shall be restricted to proprietor-occupied, single-family residences.

(f) Guest occupancies for a fee shall be limited to fewer than thirty consecutive nights~~no more than 30 consecutive days~~.

(g) The exterior of the building shall retain a residential appearance.

(h) Bed and breakfast inns shall be operated in a way that will prevent unreasonable disturbance to area residents.

(i) One off-street parking space shall be provided for each guest room in addition to parking required for the residence. All parking spaces shall meet the standards of Chapter [18.30](#) JCC.

(j) Approval shall be conditional upon compliance with all applicable building code requirements, state liquor laws, and state sanitation requirements.

(k) No more than one sign is allowed, consistent with the sign standards in JCC [18.30.150](#).

(l) All bed and breakfast inns are subject to the applicable water and food service sanitation requirements established by the Washington State Board of Health and the Jefferson County board of health.

(2) Bed and Breakfast Residence. The following standards apply to all bed and breakfast residences:

(a) Bed and breakfast residences shall be restricted to owner-occupied single-family residences.

(b) No more than three guest sleeping rooms shall be available for the accommodation of bed and breakfast residence guests.

(c) Guest occupancies for a fee shall be limited to ~~no more~~ fewer than thirty consecutive nights~~than 30 consecutive days~~.

- (d) Meals may only be served to overnight guests.
- (e) The bed and breakfast residence shall be operated in a way that will prevent unreasonable disturbance to area residents.
- (f) One off-street parking space shall be provided for each guest room in addition to parking required for the residence.
- (g) Approval shall be conditional upon compliance with all applicable building code requirements, state liquor laws, and state sanitation requirements.
- (h) No more than one sign is allowed, consistent with sign standards in JCC [18.30.150](#).

(3) ~~Transient Residence~~Short-Term Rental ~~or Transient Guest House (Accessory Dwelling Unit) with five or fewer guest rooms.~~ The following standards apply to all short-term ~~(less than 30 days)~~ transient rentals of single-family residential units ~~and guest houses (ADUs)~~ or portions thereof:

- (a) ~~The transient residences~~short-term rental ~~or short-term guest house~~ shall be operated in a way that will prevent unreasonable disturbances to area residents.
- (b) ~~At least one additional off-street parking space shall be provided for the transient~~ short-term rental use in addition to the parking required for the residence or guest house.
- (c) ~~If any food service is to be provided the requirements for a bed and breakfast residence must~~shall be met.
- (d) ~~No outdoor advertising signs are allowed.~~
- (e) ~~The owner or lessee may rent the principal residence or the guest house on a short-term basis, but not both.~~
- (f) ~~Where there are both a principal residence and a guest house (i.e., an accessory dwelling unit), the owner or lessee must reside on the premises.~~
- (g) ~~Transient accommodations must meet all local and state regulations, including those pertaining to business licenses and taxes.~~
- (e) Short-term rentals shall not exceed 4% of the unincorporated Jefferson County housing unit total not including:
 - i. Master planned resorts,
 - ii. Hospitality permits approved under prior regulations, or

iii Short-term rentals for less than 30-days predating hospitality regulations.

(f) Subject to the established maximum numbers of short-term rentals, rentals for less than 30 days are permissible where the land owner is a resident of Jefferson County and the landowner or a qualified representative is in Jefferson County during the entire rental period.

(g) In no case shall the short-term rental exceed the design capacity of the permitted on-site sewage system.

(h) In each of the county's zip codes, rentals for less than 30 days shall not exceed the number established by the Board of County Commissioners. In the event the Board has not established maximum numbers of rentals (cap) in each zip code, the cap in each zone shall not exceed 4% of the total number of housing units as estimated by the Office of Financial Management.

(i) Short-Term Rental permits shall be inspected annually.

(j) Short-Term Rental permits shall only be valid for three years for permit holders whose primary residence is not on site.

(k) Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses, liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040.

(4) Short-Term Rental with more than five guest rooms. The following standards apply to short-term (less than 30 days) rentals of single-family residential units or portions thereof:

(a) The short-term rental shall be operated in a way that will prevent unreasonable disturbances to area residents.

(b) One off-street parking space shall be provided for each guest room in addition to parking required for the residence. All parking spaces shall meet the standards of Chapter 18.30 JCC.

(c) No outdoor advertising signs are allowed.

(d) A conditional discretionary use permit shall be required.

(e) With the exception of short-term rentals identified in JCC 18.20.210(3)(e), the maximum number of short-term rentals shall not exceed the maximum cap as set forth in 18.20.210(3); and

(i) Landlords are prohibited from renting to a third party for less than 30 days within the first two (2) calendar years of ownership or lease; and

(ii) The number of short-term rentals within each of the county's zip codes shall not exceed the amount specified in JCC 18.20.210(3).

(f) Short-term rentals shall be located at the landlord's primary residence

(5) Regulatory Compliance. Bed and breakfast inns, bed and breakfast residences, and short-term rentals shall comply with all local and state regulations, including those pertaining to business licenses, liability insurances and taxes, and registering with the Washington Department of Revenue. For the avoidance of doubt, compliance "state regulations" includes, without limitation, compliance with all of the requirements in Chapter 64.37 RCW.

(6) Application, License and Registration required.

(a) An application for approval of any bed and breakfast inn, bed and breakfast residence, or short-term rental shall be filed with the department on forms developed by the department.

(b) An application for a bed and breakfast inn, bed and breakfast residence, or short-term rental shall not be considered complete unless it includes a true and correct copy of every license or registration from the Washington Department of Revenue required by it under Chapter 64.37 RCW.

(c) The department shall maintain a list of all approved applications for Bed and breakfast inns, bed and breakfast residences, and short-term rentals, which shall be accessible on the department's web site.

(7) Legal non-conforming housing units (sometimes called grandfathering) shall not be included under this chapter 18.210(3) and (4), but must:

(a) At a minimum, prior users must demonstrate that the current use is essentially the same as before July 10, 2006 (when JCC 18.20.210 was adopted), and

(b) Even if prior use is established, it must meet life safety requirements, state requirements, i.e., 64.37 RCW & licensing requirements.

(8) Enforcement.

(a) The provisions of this chapter shall be enforced under Title 19 of the Jefferson County Code. Jefferson County may seek any remedy available under law as is necessary to prevent or correct any violation of this chapter.

(b) Any short-term rental platform or other advertisement of a short-term rental in unincorporated Jefferson County shall:

(i) Register the platform's name or advertisement location, contact person, and website address with the department prior to operating;

(ii) Provide a list of all active short-term rental listings within the municipal boundaries of Jefferson County with the [department](#);

(iii) Advertise only those short-term rentals with valid permits; and

(iv) Comply with all local and state regulation governing short-term rentals.

APPENDIX E

Changes to JCC 18.40.040, Table 8-1 are as follows:

Table 8-1. Permits – Decisions

Type I ²	Type II	Type III	Type IV	Type V
<u>Bed and breakfast inn.</u> <u>bed and breakfast</u> <u>residence and short-term rental</u> Hospitality <u>permits listed in Table 3-1 in JCC 18.15.040 as “Yes”.</u>	Discretionary conditional use permits under JCC 18.40.520(2) listed in Table 3-1 in JCC 18.15.040 as “C(d)” unless Type III process required by administrator.			

APPENDIX D

DCD Staff Recommendation to PC Recommendation

(March 14, 2025, as amended March 18, 2025)

**STATE OF WASHINGTON
COUNTY OF JEFFERSON**

An Ordinance Repealing Ordinance 03-0610-24, a Moratorium on Acceptance and Processing of Application for Hospitality Establishment Permits for Transient Residences or Transient Guest Houses pursuant to Jefferson County Code (JCC) 18.20.210(3); and Adopting Amendments to JCC 17.60, General Provisions of Title 17 Master Planned Resorts; JCC 18.10 Definitions; JCC 18.15 Land Use Districts; JCC 18.20.200 Home Business; JCC 18.20.210 Hospitality establishments and JCC 18.40, Permit Application and Review Procedures/ SEPA Implementation

ORDINANCE _____

WHEREAS, the Washington Constitution, Article XI, Section [11](#), confers upon county legislative authorities the police power to adopt regulations necessary to protect the health, safety, and well-being of its residents; and

WHEREAS, RCW [36.32.120\(7\)](#) provides that the county legislative authorities shall make and enforce, by appropriate resolutions or ordinances, all such police and sanitary regulations as are not in conflict with state law; and

WHEREAS, police power is that inherent and plenary power which enables prohibition of all things hurtful to the comfort, safety and welfare of society; and

WHEREAS, the scope of police power is broad, encompassing all those measures which bear a reasonable and substantial relation to promotion of the general welfare of the people; and

WHEREAS, homelessness and housing affordability directly and indirectly impact the health, safety, and well-being of county residents and continues to present local, regional, and national challenges arising out of many social and economic factors; and

WHEREAS, Jefferson County enacted several measures to address the shortage of affordable, transitional, supportive, and emergency housing; and

WHEREAS, in 2017, the Jefferson County Board of County Commissioners adopted Resolution No. [35-17](#) to declare that an emergency exists with respect to the availability of housing that is affordable for those households earning 80 percent or less of the Jefferson County median family income, which the U.S. Department of Housing and Urban Development identifies as “low income;” and

WHEREAS, as identified in the *2019 Jefferson County Community Health Assessment Report: Summary Findings*,¹ the lack of affordable housing continues to present local challenges, especially for older adults, young families, and the working class; and

WHEREAS, in Resolution No. [63-19](#), the Jefferson County Board of Commissioners adopted a Five-Year Homeless Housing Plan, *Making Homelessness a Singular Occurrence – Homelessness Crisis Response and Housing Five-Year Plan for Jefferson County*, “to establish a long-term, systematic effort to address the homelessness and affordable housing crisis through a data focused vision for Jefferson County;” and

WHEREAS, Jefferson County adopted Ordinance No. 11-1221-20, imposing a sales and use tax for affordable housing and supportive services, in accordance with House Bill [1590](#) (chapter 222, Laws of 2020) and RCW [82.14.530](#), to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 05-0613-22 related to the siting, establishment, and operation of temporary housing facilities for unsheltered and unhoused individuals and families in unincorporated Jefferson County to address the local challenge presented by homelessness and declining affordability; and

WHEREAS, Jefferson County adopted Ordinance No. 04-1009-23 referenced as the Commercial Property Assessed Clean Energy and Resilience (C-PACER) Program to reduce the debt servicing costs associated with commercial property improvements and construction including multifamily structures with five or more dwelling units to incentivize multifamily construction, rehabilitation, and repair to implement sustainable practices; and

WHEREAS, Jefferson County in partnership with the City of Port Townsend and the Housing Fund Board identified sites for transitional, supportive, and emergency housing, such as Caswell-Brown Village, to create an emergency shelter to address the foregoing challenges; and

WHEREAS, the Board of County Commissioners amended the Port Townsend Urban Growth Area (PTUGA) boundary via Ordinance No. 09-1209-24 to provide for transitional, supportive, and emergency housing including, among others, the Caswell-Brown Village site to accommodate continuum-of-care special purpose housing to address the foregoing challenges; and

WHEREAS, in partnership with the City of Port Townsend, Jefferson County advanced new affordable housing opportunities in 2024 through pre-approved residential building plans, where sweat equity, energy efficient designs, and expedited permitting may reduce housing costs to partly address the lack of housing; and

WHEREAS, the Jefferson County Comprehensive Plan contains a Housing Action Plan as Exhibit 3-7² that identifies the need to “evaluate short-term rentals to ensure such uses do not

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further restrict the housing supply for year-round residents” as one of six bulleted tasks to remove potential barriers to housing; and

WHEREAS, the county held three public meetings regarding short-term rentals, one each in Cape George and the Tri Area and a third hybrid meeting in Quilcene, during March 2024; and

WHEREAS, county staff presented the findings of these meetings to the Jefferson County Planning Commission at its regularly scheduled July 17, 2024 meeting; and

WHEREAS, on December 4, 2024, county staff obtained clarification on how to interpret the Planning Commission’s July 17, 2024 preliminary proposal regarding limiting short-term rentals for less than 30 days and exemptions; and

WHEREAS, on February 5, 2025, the Planning Commission held a duly noticed public hearing to receive testimony on the short-term rentals proposals; and

WHEREAS, on February 19, 2025, the Planning Commission deliberated on the testimony and record; and

WHEREAS, on March 3, 2025, the BoCC held a workshop on the Planning Commission’s recommendation, and the BoCC chose to hold their own public hearing on the proposed amendments to the relevant sections of the Jefferson County Code; and

WHEREAS, the BoCC held their own hearing on March 17, 2025; and listened to presentation by the Planning Commission and DCD staff representatives, and hear public testimony; and

WHEREAS, the BoCC extended written public comment through Friday, March 21, 2025 at 4 PM; and

WHEREAS, the BoCC continued deliberations on March 24, 2025; and

WHEREAS, the Jefferson County Department of Community Development (DCD) assumes responsibility for the environmental review and procedural steps as the “Lead Agency” pursuant to WAC [197-11-926\(1\)](#); and

WHEREAS, ~~Jefferson County~~DCD analyzed the proposed legislation in accordance with the State Environmental Policy Act (SEPA), as summarized in an associated SEPA checklist, and finds that adoption of this non-project action will not result in a probable significant adverse impact to the environment;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF COUNTY COMMISSIONERS OF JEFFERSON COUNTY, STATE OF WASHINGTON as follows:

Section 1. Findings of Fact. The Board of County Commissioners (BoCC) adopts the recitals above (WHEREAS clauses) as their own findings of fact for this ordinance.

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Section 10. Effective Date. This Ordinance shall take effect immediately upon adoption by the Board of County Commissioners.

(SIGNATURES FOLLOW ON THE NEXT PAGE)

³ See: https://www.co.jefferson.wa.us/DocumentCenter/View/18001/Jefferson-CP-2018_12, at 3-19 Accessed January 5, 2025.

APPROVED and ADOPTED this _____ day of _____, 2025.

JEFFERSON COUNTY BOARD OF
COMMISSIONERS

Heidi Eisenhour, Chair

Greg Brotherton, Member

Heather Dudley-Nollette, Member

SEAL:

ATTEST:

Carolyn Gallaway, CMC Date
Clerk of the Board

Approved as to form only:

Philip Hunsucker Date
Chief Civil Deputy Prosecuting Attorney

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Short-term visitor accommodation units and short-term rental units shall be construed to mean occupancies ~~equal to or~~ less than 30 ~~days~~nights. The Pleasant Harbor MPR in total shall have a development cap of 56,608 square feet of resort commercial, retail, restaurant, and conference space. [Ord. 3-18 § 2 (Att. 1)]

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“Short-term rental” means a lodging use, that is not a hotel, motel, or bed and breakfast, in which a primary or accessory dwelling unit, or portion thereof, is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights, as set forth in RCW 64.37.010(9)(a).

“Short-term rental advertisement” means any method of soliciting use of a dwelling unit for short-term rental purposes.

“Short-term rental operator” or “operator” means any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.

“Short-term rental platform” or “platform” means a person that provides a means through which an operator may offer a dwelling unit, or portion thereof, for short-term rental use, and from which the person or entity financially benefits. Merely publishing a short-term rental advertisement for accommodations does not make the publisher a short-term rental platform.

18.10.2000 T definitions

~~“Transient accommodations” means a commercial use involving the rental of any structure or portion thereof for the purpose of providing lodging for periods less than 30 days.~~

~~“Transient residence” or “transient ADU” means a single family residential unit or ADU used for short-term transient occupancy (for periods less than 30 days).~~

The remaining portions of chapter 18.10 JCC are not changed.

APPENDIX C

Changes to JCC 18.15.040, Table 3-1 are as follows:

Table 3-1. Allowable and Prohibited Uses

	Resource Lands		Rural Residential			Rural Commercial				Rural Industrial					Public	UGA
	Agricultural – Prime and Local	Forest – Commercial, Rural and Inholding	1 DU/5 Acres	1 DU/10 Acres	1 DU/20 Acres	Rural Village Center	Convenience Crossroad	Neighborhood/Visitor Crossroad	General Crossroad	Resource-Based Industrial	Light Industrial/Commercial (Glen Cove)	Light Industrial (Glen Cove)	Light Industrial/Manufacturing (Quilcene and Eastview)	Heavy Industrial	Parks, Preserves and Recreation	Irondale and Port Hadlock Urban Growth Area
Specific Land Use	AG	CF/RF/IF	RR 1:5	RR 1:10	RR 1:20	RVC	CC	NC	GC	RBI	LI/C	LI	LI/M	HI	PPR	UGA
Residential Uses																See Chapter 18.18 JCC
Transient rental of residence or accessory dwelling unitShort-Term Rentals with 5 or fewer guest rooms or and 10 or fewer occupants	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	
Commercial Uses																
Short-Term Rentals with more than 5 guest rooms or and more than 10 occupants	C(d)	C(d)	C(d)	C(d)	C(d)	C(d)	No	No	No	No	No	No	No	No	No	

APPENDIX D

Changes to JCC 18.20.210 are as follows:

18.20.210 Hospitality establishments.

(3) ~~Short-Term Rental, Transient Residence or Transient Guest House (Accessory Dwelling Unit).~~ The following standards apply to all short-term ~~(less than 30 days)~~ transient rentals of single-family residential units ~~and guest houses (ADUs)~~ or portions thereof:

(a) The ~~short-term rental transient residence or guest house~~ shall be operated in a way that will prevent unreasonable disturbances to area residents.

(b) ~~All parking must be contained onsite, as determined by DCD. All parking spaces shall meet the standards of Chapter 18.30 JCC. At least one additional off-street parking space shall be provided for the transient use in addition to the parking required for the residence or guest house.~~

(c) If any food service is to be provided the requirements for a bed and breakfast residence must be met.

(d) No outdoor advertising signs are allowed. One identification (ID) placard identifying the name of the rental is allowed onsite and shall not exceed four square feet in size.

(e) In no case shall the short-term rental exceed the design capacity of the permitted on-site sewage system. The owner or lessee may rent the principal residence or the guest house on a short-term basis, but not both.

(f) Short-term rentals are not permitted in any temporary, portable, or other structure not permitted by the County for permanent occupancy (e.g., boat, tent, yurt, RV, etc.). Where there are both a principal residence and a guest house (i.e., an accessory dwelling unit), the owner or lessee must reside on the premises.

(g) Short-term rentals shall meet all local and state regulations, including those pertaining to business licenses, liability insurances, and taxes, and registering with the Washington Department of Revenue as required by RCW 64.37.040. Transient accommodations must meet all local and state regulations, including those pertaining to business licenses and taxes.

(h) A short-term rental permit shall be tied to the property and cannot be transferred to a separate dwelling.

(i) The owner or operator may rent the principal residence or the guest house on the same lot or parcel on a short-term basis, but not both.

(j) A short-term rental operator shall not hold more than one hospitality permit for a short-term rental in unincorporated Jefferson County.

(k) Short-term rentals with five or fewer guest rooms and 10 or fewer total occupants will require a Type I hospitality permit for a short-term rental.

(l) Short-term rentals with six or more guest rooms and greater than 10 total occupants shall require a conditional discretionary use permit and additional building requirements.

(m) Must meet state and local standards for habitable space and life safety conditions.

(n) For six months after the adoption of this chapter, DCD will accept all short-term rental applications. After this six-month grace period, the following limit will apply to the renting of the entire primary or accessory dwelling (i.e. excluding the renting of STRs occupied by the landowners). Short-term rentals within Master Plan Resorts (MPR) are excepted from the cap on short-term rentals. Short-term rentals shall be limited to four percent of the dwellings in unincorporated Jefferson County housing, as determined by DCD. Based on OFM (Office of Financial Management) data, there are 11,694 dwellings outside of MPR. Four percent of these dwellings would equate to 468 short-term rentals allowed at this time. The short-term rentals will be distributed prepositional based on the housing stock in each zip code (i.e., if Port Townsend zip code has 320 percent of the housing stock they would be allowed 320% of the short-term rentals based on the U.S. Census). Every year DCD will update the number of dwelling units, the number of short-term rentals allowed and the number of short-term rental permits that have a valid permit from DCD. If the maximum number of short-term rentals is reached, DCD will have a waiting list for new short-term rentals.

(o) Applications for permits for a short-term rental shall be on a form approved by the director.

(4) Permitting is required for all short-term rentals in the County.

(a) A short-term rental that existed prior to the establishment of the original Unified Development Code with an effective date of January 16, 2001 shall be established as a legal non-conforming use if all of the following requirements are satisfied:

(i) The short-term rental operator provides proof to the satisfaction of the director that the lot or parcel was the location of a short-term rental and that applicable sales and lodging taxes pursuant to chapter 64.37 RCW were remitted to the authorized collector prior to January 16, 2001; and

(ii) Apply for and obtain a hospitality permit for a short-term rental permit within 90 ~~days~~ 6 months from the date of the adoption of this Ordinance.

(b) Existing short-term rentals that have been permitted by DCD after January 16, 2001 are allowed to continue, provided that short-term rental operator renews the permit and

satisfies all of the requirements of this section. A short term rental that existed prior to the establishment of the original Unified Development Code effective January 16, 2001 may continue, provided the short term rental operator renews the permit and satisfies all the requirements of this section.

(c) The number of new short-term rentals limit addressed in section 3(n) shall be reduced by the number of pre-existing short-term rentals addressed in in Section 4(a) and (b) above.

(d) New short-term rental applications shall be accepted until the limit addressed in Section 3(n) above is met. Once a hospitality permit for a short-term rental is issued, the permit may continue, provided the short-term rental operator renews the permit and satisfies all the requirements of this chapter.

(e) Short-Term Rental Permit Renewal:

(i) Application for renewal shall occur annually and at least 30 days prior expiration of the hospitality permit for a short-term rental.

(ii) Renewal fees for a hospitality permit for a short-term rental shall be per the County's applicable fee schedule.

(iii) Renewal of an existing permit for a short-term rental requires an inspection addressing fire, safety, and health requirements.

(iv) Failure to renew a permit for a short-term rental may result in short-term rental not being allowed if the limit addressed in Section 3(n) is met.

(f) Permit Number. The short-term rental operator shall include the Jefferson County permit number for the short-term rental in all advertisements and ensure its prominent display on all platforms and other forums for rental of the short-term rental, including but not limited to Airbnb, VRBO, Craigslist, Facebook, flyers or posters and on marketing materials such as brochures and websites. Any failure to provide a valid permit number or posting a false permit number is prohibited and shall be subject to enforcement as a violation of this chapter.

(5) Enforcement. The provisions of this chapter shall be enforced under Title 19 of the Jefferson County Code. Jefferson County may seek any remedy available under law as is necessary to prevent or correct any violation of this chapter.

(6) Conflict. If any county regulations herein are found to be in conflict with chapter 64.37 RCW, the provisions of chapter 64.37 RCW shall apply.

APPENDIX E

Changes to JCC 18.40.040, Table 8-1 are as follows:

Table 8-1. Permits – Decisions

Type I ²	Type II	Type III	Type IV	Type V
<u>Bed and breakfast inn,</u> <u>bed and breakfast</u> <u>residence and short-term rental</u> <u>Hospitality permits listed in Table 3-1 in JCC 18.15.040 as “Yes”.</u>	Discretionary conditional use permits under JCC 18.40.520(2) listed in Table 3-1 in JCC 18.15.040 as “C(d)” unless Type III process required by administrator.			

APPENDIX E

Zip Code Table

2020 Census housing units

ZIP Code	Dwellings	4% of dwellings	STR allowed per ZIP Code
98320 - Brinnon	1,359	11.9	55
98325 - Chimacum	885	7.7	35
98331 - Forks	251	2.2	10
98339 - Port Hadlock	1,862	16.3	75
98358 - Norland	664	5.8	27
98365 - Port Ludlow- MPR	3,159-2,000 = 1,159	10.2	47
98368 - (City of PT removed)	3,521	30.8	142
98376 - Quilcene	1,389	12.1	56
98382 - Sequim	305	2.6	12
Total	11,395	99.6	460

APPENDIX F

Planning Commission Documents

Brent Butler

From: Kevin Sanchez Morales <kevin.sanchez@airbnb.com>
Sent: Friday, February 14, 2025 1:43 PM
To: Brent Butler
Subject: Re: Short-Term Rental Discussion

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi Brent,

I hope all is well. I wanted to follow up. Due to this being such a hot topic in the community, I was hoping to schedule a meeting before the Planning Commission meeting next Wednesday. Let me know if you have time to connect.

Best,



Kevin Sanchez
Policy Associate, Local Governments



On Wed, Feb 12, 2025 at 1:59 PM Kevin Sanchez Morales <kevin.sanchez@airbnb.com> wrote:

Hi Brent,

My name is Kevin, and I am a policy associate at Airbnb. Over the past few weeks, we have had hosts reach out to us about potential STR regulations. Last week, I was able to connect with some of your colleagues and was informed to connect with you on this matter.

As you consider regulating short-term rentals in Jefferson County, I'd be happy to connect and answer any questions you might have. I'd also like to go over several tools and resources we have available to address common things brought to our attention by staff and elected officials.

Best,



Kevin Sanchez
Policy Associate, Local Governments



Kevin Sanchez
Policy Associate, Local Governments

Brent Butler

From: Barbara <bjy@telebyte.com>
Sent: Monday, February 3, 2025 1:39 PM
To: Brent Butler
Subject: Planning Commission Public Hearing

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

I support the following proposals on short term housing:

Protecting local communities and housing by capping STRs to 3% of Jefferson County, or zipcode, housing units;

Encouraging equity in the STR markets by limiting their permits at 3 years;

Protecting entire housing units from being used as an investment opportunity by requiring the landlord/owner to be present and reside on the property.

Barbara Yocom
Port Townsend, WA

From: Beth Stucky <bethstucky1@gmail.com>
Sent: Monday, July 15, 2024 9:30 AM
To: Planning <planning@co.jefferson.wa.us>
Subject: Short Term Rentals

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi there,

I heard that public comment was still being solicited on the short term rental. Our perspective as Port Townsend residents is that while short-term rentals play a role in accommodating the tourists that bring dollars to our town, they also severely impact availability of housing for people who want or need to live here year round. We believe there should be major limits on short term rentals and that taxes on properties being used as short term rentals should be astronomical.

Many thanks for allowing us to comment.

All the best,
Beth Stucky

Brent Butler

From: Bill Thomson <wh_thomson@yahoo.com>
Sent: Monday, February 17, 2025 8:54 PM
To: Brent Butler
Subject: Short Term Rentals
Attachments: short_term_rentals.pdf

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi Brent,

I was recently in Morro Bay, CA and became aware of their program on short term rentals in the community. Morro Bay is a similar demographic to Port Townsend (mostly retired, population about 10,000, a vacation community). They have recently passed a new set of regulations on short term rentals and the attached article discusses some of their approach as well as some issues associated .

Regards,

Bill Thomson

Your Community
Your News

ESTERO BAY NEWS

Vol #7 - Issue #1

1/16/25

CAMBRIA • CAYUCOS • LOS OSOS • MORRO BAY

City to Step-up Enforcing Vacation Rental Law



Under the City of Morro Bay's Short Term Rental Ordinance, a sign like this one on Beachcomber Drive is required to be posted outside all licensed vacation rentals in town. Photo by Neil Farrell

By Neil Farrell

The City of Morro Bay is well into an effort to check on and crackdown on unpermitted vacation rentals, enforcing an ordinance the City Council passed 4-years ago.

According to a notice from the City, "On Nov. 1, 2024, the City of Morro Bay will begin sending enforcement letters to owners and operators of non-compliant and partially compliant short-term rentals in the city limits."

The enforcement comes as the question has arisen just how many VRs are operating in the City, versus how many are actually permitted to operate. It stems from a law that was passed to regulate them and limit how many rental homes in town can go the high-return, short-term rental path.

"The City of Morro Bay," reads the notice, "adopted a Short-Term Rental Ordinance that allows property owners to operate STRs in the City Limits, provided they comply with permit requirements and standards to minimize neighborhood impacts. The STR Ordinance requires

property owners to obtain an STR permit, business license, and Transient Occupancy Tax (TOT) account prior to operating an STR. These permits are subject to annual renewal and inspections every four years."

The law also includes a buffer between VRs of 175 feet, and a 175-cap on VR permits for so-called "full home" rentals, meaning that the properties don't have owners on site, such as one might find in an Air BnB rental, where a homeowner takes in short-term tenants, sharing their homes.

But some people who own second homes in Morro Bay or investment homes, don't always follow the rules, especially if they can't get a permit because they are all taken up, which is what happened quickly after the first iteration of this law set the limit at 250.

In its final vote, the City Council set the limit at 175, as a small concession to a community that finds itself with a serious lack of available, long-term (monthly) rental housing. As it stands now, the City is not issuing any more VR permits "for full-home short-term vacation rentals in a

Vacation Rental Laws Continued on page 20

News

Vacation Rentals From page 1

residential zone," "until the number of active permits drop below 175."

About 2 years ago, the City hired a consultant, HdL, which used special software that identifies all VRs actively advertising and renting on online platforms (AirBnB, VRBO, etc.), to locate listings in Morro Bay.

The planning department has taken that information and compared it to its own records. They've now sent notices to these extra VRs about their non-compliance and the significant penalties that come with skirting the law.

"Illegally operating STRs," the City warned, "will be required to immediately cease operation; are liable for the last three years of unpaid TOT; and may face fines of up to \$500 per day of non-compliance.

"At the same time, the City will identify active STRs that are partially compliant, meaning they are operating with expired business licenses or TOT accounts. The City may authorize a partially compliant STR to continue operation once they renew their permits and pay applicable back taxes."

Going forward, the City said it would more closely enforce the ordinance, starting Jan. 1. These letters went out last Nov. 4.

"In a parallel effort," the notice said, "the City will require all STR permit holders to renew their permits, as required by the STR Ordinance. This will involve completion of a renewal application and City inspection to verify compliance with applicable standards, including, but not limited to, parking and signage requirements."

This is not the first time the City has made special efforts to enforce certain laws. In the past, more than once actually, the City has tried to crack down on its sign ordinance, in particular the sandwich board signs that can be seen all over town on sidewalks outside businesses.

Technically, those are not allowed by the city's sign ordinance, along with the large "feather" signs and the inflatable Tube Man signs normally signifying some sort of special deal at the store.

But after the signs are removed, citing public safety as the reason, they disappear for a time but seem to creep their way back out on the sidewalk.

If readers would like to know more about the City's Short Term Rental Ordinance, see the webpage on the City's website at: www.morrobayca.gov/1085/Short-Term-Vacation-Rentals.

We asked the Community Development Department some follow up questions after their public announcement of the stepped up enforcement, seeking some clarification. Community Development Director Airlin Singewald responded for the City.

Estero Bay News: How many STR permits are there right now? The limit says 175 in "residential zones," but initially that number was 250, so I'm curious how many you have right now? And how many people are on the "waiting list?"

City of Morro Bay: At last official count:

- Full Home Rentals in residentially zoned areas (subject to the cap) = 173;
- Commercially zoned = 9;
- Home-sharing rental = 11;
- Total = 193
- Waitlist total = 169.

"Beginning in January 2025," Singewald said, "the City will begin requiring all permitted STRs to submit an annual renewal application to verify continued compliance with the STR ordinance. City staff will update these numbers as more information becomes available through the annual permit renewal process."

EBN: How many unpermitted STRs are operating in the City, HdL (the City's consultant on this) was supposed to find this out, right?

CMB: The City contracted with HdL to identify STRs advertising on online platforms and will compare this information to STR permit records to identify illegally operating STRs. The City sent about a dozen STR enforcement letters to properties in November 2024.

EBN: And correct me if I'm wrong, but there are no limits on STRs in commercial zones, right? It's only the residential areas where the 175 limit kicks in? What about mixed use zones?

CMB: Correct, the 175 cap only applies to full home rentals in residentially zoned areas.

EBN: What's the process if someone is operating a STR and doesn't comply with the ordinance? Do you ticket them and take them to court?

CMB: All STRs will have to obtain the necessary permits or cease operation. Unpermitted STRs face a fine of up to \$500 per day.

EBN: In that case, is it the city attorney who would

prosecute the matter or do you take it to the district attorney's office? What if the DA declines to file charges? Does the city attorney take over then?

CMB: The City's Code Enforcement division will issue citations for unpermitted STRs that continue to operate without a permit.

EBN: And is this a civil matter or criminal? I didn't see where the ordinance said there was jail time involved; just \$500 a day fines.

CMB: The STR Ordinance states that violations of the ordinance may be punishable through: A) administrative fines, and B) as infractions or misdemeanors. The City is generally able to achieve compliance voluntarily (i.e., when an owner or operator agrees to immediately cease operation) or through citations.

It should also be noted that these short-term rentals or vacation rentals, whether they are a single-family home, condo or secondary dwelling unit, are supposed to collect and pay the City's transient occupancy taxes, which are set at 10% of the cost of a room night. Plus, there's a 3% charge that goes to promote tourism through a Tourism Business Improvement District (TBID) assessment district; plus 1.5% that goes to the countywide tourism bureau; for a total of 14.5% in taxes on top of the cost for a night's stay in Morro Bay.

The City's budget shows the TOT to be the second largest source of taxes for the general fund behind property taxes, which is how the City pays for its police and fire departments, among others. So, with predictions of a dire financial future for the City if it doesn't find more revenues things like enforcement of the STR Ordinance could play an important role in the future financial health of the City.

The Morro Bay TBID uses the taxes (3%) collected by hotels, motels, B&Bs, and VRs to promote tourism within Morro Bay. The countywide TBID, called Visit SLO, promotes the whole county's tourism industry.

There is also the County Business Improvement District (CBID), which charges an extra 2% in bed taxes at lodging properties in the unincorporated areas of SLO County, using that money to promote the County territory.

Half of this CBID money goes back to an individual town's advisory board, which use their money to promote their individual town's tourism and to support special events.

Restoration 19 From page 1

monarch butterflies use for laying their eggs), is not grown

plant. Otherwise, volunteers regularly spend hours pulling

From: [Bob and Dianna Denny](#)
To: [Planning; Brent Butler](#)
Subject: Public Comment on STR's
Date: Sunday, July 14, 2024 3:08:46 PM

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

These are my Public Comments to the Planning Committee about STR's Dianna Denny, 200 Dennis Blvd., Cape George Village.

Reduced supply of housing due to the expansion of SRT's.

The effects SRT's are causing, rising rent, housing costs and lack of housing for our local workforce.

Is it possible the County could be held legally responsible if an injury or death occurs at an unpermitted SRT?

The negative effects on our residential areas due to the uncontrolled amount of SRT's, noise, speeding, parking
more pressure on or water and Septic Systems...

Zoning issues in areas that are more densely populated like Cape George that could end up with more than their
fair share of SRT's.

More on Zoning, due to the lower cost of houses in Cape George Village more SRT's would pop up here.

From: Carla Main <mainwestpt@gmail.com>
Sent: Sunday, August 18, 2024 4:18 PM
To: Brent Butler <BBButler@co.jefferson.wa.us>
Subject: Short Term Rental Policy Proposal

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Dear Brent,

I have been a local resident for over 20 years. I am an active volunteer with Housing Solutions Network (HSN) and am writing to you today to urge you to support their Short Term Rental Regulation Proposal. I started volunteering with HSN due to my long term concern with the lack of affordable housing in our county for our workforce, retired folks on a fixed income, and our low income neighbors. It is clear that short term rentals take away housing units that otherwise would be available to meet the needs of these folks.

I hear constantly from people who grew up here and can no longer afford to live here, from retired friends who are getting evicted due to exorbitant rent hikes, from employers who cannot find employees due to the lack of workforce housing.

I recognize that we are impacted by the same market forces that are creating housing problems all over the globe and have limited tools to use locally to address our housing crisis. The proposal that HSN has forwarded for Short Term Rentals can help us to use local tools to meet this need.

Please do all you can to enthusiastically move forward this proposal!

Thank you for your diligent work on behalf of our community,

Carla Main

Port Townsend

Brent Butler

From: Colleen Hackett <hackett3@icloud.com>
Sent: Thursday, February 20, 2025 6:45 PM
To: Brent Butler
Subject: Air bnb feedback from Feb 5/19 meetings

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi Brent. I attended the short term rental meetings on Feb 5th and 19th and send an email last August. Since the meeting on the 5th I wanted to make sure I updated my comments. I wish I was a good speaker like so many others. It is a chaotic process. After last night I think decisions are being rushed to meet the moratorium timeline and may need more thought. Please accept my input from Feb 5th. I do appreciate and support the community development team. Regards Colleen Hackett 206-290-2927

Hello,

I am a permitted air bnb owner since 2020. It is a small single family home in rural residential area. I have read the draft and have questions and concerns and hope some areas are still under review. I did try to follow the comments but the layers of meeting notes have been very hard to track. Also as a permit holder I have not received outreach directly about these impacts. I did receive and return the inspection packet a while back but didn't hear back.

Other owners are much more knowledgeable and bring up very good points about the benefits that are brought to the area. For me many of my guests are there to see family who live nearby, attend events, whale watch is a popular summer draw. It is very quiet and attracts small families that a hotel doesn't. Also it is accessible. Festivals, classes and events are other draws. PT'd food is a big draw! This does bring revenue to the city and county including the hospitality tax.

This was my grandparents then my parent's house. It is the oldest in the neighborhood. I can live in my residence part time in the near future but I am not able to give up health insurance from my employer yet so I enjoy my weekends in PT. I also really enjoy hosting. The positive feedback from happy people is a surprising boost to keep me going as it is hard work.

Everyone has different interests so I will focus on one. The requirement to live on site is objectionable for me. It is a very small single family home there is no way to live on site while there is guests. The positive comments and learning of people's adventures inspires me to keep improving my property. I would not go back to renting annually even though it is more profitable. This is an older home. Short term use leaves a light footprint. Full time rentals have shown to be very hard on all my older systems.

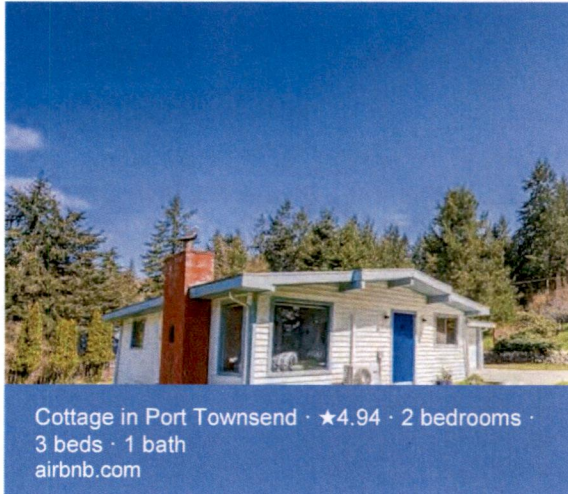
I have a basic understanding of the housing and rental issues. I am lucky to have Port Townsend roots and ability to buy my dad's house. The Air bnb project seems to be an effort to go after the low hanging fruit. Also accommodate vocal opposition to the platform. Other initiatives JC is doing like access to sewer system is a much greater impact to affordability and density. The work done on ADU standards and approvals is impressive and ahead of many communities. The leadership at community development has speed up permitting. These will have real impacts to housing affordability.

I understand the desire to exclude institutional investors in the platform. This policy in its current form targets small single family home owners.

I will probably be forced to sell. I realize that does fit into some members goal as I am one of the few affordable houses in the area. Many may consider it a tear down as a builder could then access the water views.

Also there needs to be a grace period for existing permitted homes if this stringent plan takes place. Cancelling summer reservations is unacceptable. Capital investments and permitting fees are expensive and I already made that investment. A minimum three year grace period to existing units to make alternative arrangements is also needed. No mention of this.

Here is a link to my site.



Please revisit these changes before implemented.
Colleen Hackett
5252 Cape George Road.

Brent Butler

From: Deanna Hopper <deehopper@yahoo.com>
Sent: Thursday, February 20, 2025 7:18 PM
To: Brent Butler
Subject: Re: Short Term Rentals | Debi and Russell Avocato | 601 Shine Road, Port Ludlow

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Will do. Thank you Brent.

-Deanna

[Yahoo Mail: Search, Organize, Conquer](#)

On Thu, Feb 20, 2025 at 7:06 PM, Brent Butler
<BButler@co.jefferson.wa.us> wrote:

Dear Deanna Hopper,

Some parts of the county were specifically envisioned to have short term rentals. Go to the Jefferson County's Short-Term Rental webpage which you can easily find by goggling —> Google 1) Jefferson County, 2) WA and 3) short term rentals.

Please open the file named 2023 05 01 Short Term Rental presentation. See slide number 12. You find it under "2024 materials - preliminary STR planning process" ...it contains a graphic map illustrating where they are allowed. Specifically, MPR-RC and CF zoning districts in the master-planned resort. I would recommend that you go look at that short term rental webpage.

Sincerely yours,

Brent

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From: Deanna Hopper <deehopper@yahoo.com>
Sent: Thursday, February 20, 2025 4:16:38 PM
To: Brent Butler <BButler@co.jefferson.wa.us>
Subject: Short Term Rentals | Debi and Russell Avocato | 601 Shine Road, Port Ludlow

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Good afternoon Brent,

Writing as an advocate for Debi and Russell Avocato's STR they own in Port Ludlow (601 Shine Road, Port Ludlow). I stayed in their rental last summer and it was truly a great experience, great enough that we have plans to return this summer. Debi and Russell's home is one-of-a-kind, and we are honored to be able to enjoy such a serene setting. If Debi and Russell were unable to rent their home, we would be missing out on a wonderful summer vacation.

Our choice has always been B&Bs / STRs because of the homey feel. Debi and Russell's property is what drew us to visit the Port Ludlow area for the first time; were their home not an option, it's unlikely we would have visited and explored the area.

Please consider not limiting the years of STRs. We would like to continue enjoying their home for years to come if we and they choose.

Thank you,

Deanna Hopper
206-445-3693

Brent Butler

From: Debi Avocato <theadventurousavocado@gmail.com>
Sent: Friday, February 7, 2025 3:10 PM
To: Brent Butler
Subject: Proposed STR regulations

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hello, I'm an owner of a Short Term Rental, but most importantly, I'm a business owner. I don't just rent rooms out on a platform to "transients" that pass through our town. Our rental has become more of a "staycation" for many Washingtonians. We've had many wonderful families and couples stay in our home during their vacation. We provide a luxury experience for them. Last year, one family in particular rented our home on four separate occasions. It's become a special place to so many of our guests.

We have built up this property to accommodate everyone who visits. We have spent a lot of money in doing so. Some of the money we used was from our own personal savings, and some was from a business loan. So it's disheartening to learn that we may now lose our business due to Jefferson county limiting our permit to only 3 years. What other businesses does the county do this to? Any? I don't think so. Can you imagine any business starting up, spending tens to hundreds of thousands of dollars or more; and building a clientele, watching your business grow, finally starting to see a return on your investment, only to be told that after three years you have to shut down? This is completely unfair. Please reconsider this regulation and strike it from the ordinance.

Thank you,

Debi Avocato
601 Shine Rd.

February 19, 2025

Via Electronic Mail Only bbutler@co.jefferson.wa.us

Jefferson County Planning Commission
c/o Brett Butler, DCD Chief Strategy Officer
621 Sheridan Street
Port Townsend, WA 98368

**RE: Public Comment/Written Testimony for Feb. 19, 2025 Public Meeting
 Proposed Changes to Regulation of Short-Term Rentals**

Dear Commissioners:

Thank you again for the important work that the Commission and Staff perform on behalf of the citizens of Jefferson County. I most recently submitted public testimony/comment on February 5, 2025, for the meeting of the Planning Commission on that date.¹ In the interest of brevity, I will not repeat the points already made; however, I respectfully request that my prior testimony/comment be deemed part of the record for tonight's meeting. For purposes of this letter, I will focus on certain issues and questions addressed by the February 14, 2025, Report to the Planning Commission prepared by Chief Strategy Officer, Brent A. Butler.

There is No Compelling Governmental or Public Interest in a Three-Year Validity Limit for New Permits: Nowhere in the public testimony or evidence submitted so far is there support for the need for limiting a permit for the operation of a short-term rental to three-years. If a short-term rental otherwise complies with all requirements of the ordinance for purposes of a permit issuing, on what defensible legal basis can the permit then be deemed invalid solely as a result of the passage of time? Would the County consider issuing a restaurant permit on the condition that the restaurant would need to cease operation at the end of three years? It is, of course, defensible to make permits non-transferrable, meaning that if the ownership of the property changes, the new owner would need to apply and obtain a permit. But once an owner has met the requirements of obtaining a permit, deeming the permit invalid after the passage of three years would pretty plainly constitute a regulatory taking under the Supreme Court case cited by the report at page 2. See Penn Central Transp. Co. v. New York City (1978).

On-Site STR's, Where the Owner Lives as a Primary Residence, Should Neither Be Subject to the Three-Year Limit nor the Three-Percent Cap: The overriding rationale for changes to regulation of STR is to preserve the availability of housing for long-term rental or purchase by county residents. Unlike Off-Site STR's, an On-Site STR will only be made available for

¹ Before that, I submitted testimony/comment to the Commission by my letter of August 14, 2024, as well as to the Board of Commissioners by my letter of April 4, 2024.

purchase when the entire property is put offered for sale. Thus, limiting On-Site STR's does not increase the availability of residence for purchase. There is also little if any likelihood that an onsite ADU, or one or more rooms in a residence, will be offered on a long-term basis if it is not so offered already. This is especially true for owners, like me, who need flexibility in not operating the ADU full-time, while nonetheless living full-time in the primary residence. An ADU that would otherwise sit vacant if not used for portions of the year as an STR does nothing to address the housing issues that are the primary rationale for revised regulations.

In Enacting Revised Regulations, It Should Not be Assumed that Even a Majority of STR's Currently Operating in the County Will Qualify for a Permit: Based on the regulations under consideration, we know that most Off-Site STR's now operating will no longer be allowed to continue to operate. It can also be safely assumed that a non-insignificant number of STR's located on a property where the owner resides will not qualify for a permit. For example, the septic-system requirements will not be met, or the ADU will have been constructed without proper permits or inspections. Therefore, given what is known and reasonably assumed, the best approach would not enact a percentage-cap until more is known and understood about the impacts of the new permit-requirements. In other words, a three-percent cap and three-year limit are quite likely to end up being solutions to problems that will not end up existing.

In Sum: By focusing on elimination of Off-Site STR's with owners not present, and ensuring On-Site STR's meet the health and safety requirements, the regulations may accomplish what is hoped for without the need to rely on permit time-limits and a percentage-cap. Further, it is not as if a time-limit on permits, and a percentage-cap on the total number of permits will not be available as a regulatory tool in the future. If the revised regulations are to survive the inevitable legal challenge, enactment needs to be based on more than assumptions that may not prove to be provable or even true.

Sincerely,

A handwritten signature in blue ink, appearing to read "Denis R.", with a long horizontal flourish extending to the right.

Denis Stearns

Brent Butler

From: Eric Lentz <lentzerics@gmail.com>
Sent: Friday, February 7, 2025 4:01 PM
To: Brent Butler
Subject: Frequently asked questions

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Thank you, Brent.

Look forward to seeing the answers on the website you mentioned to these questions and other questions that homeowners are posting.

To the FAQ site can you please also add the question;

"For HOA's that have already established STR rules and regulations and have them legally reviewed for constitutional rights, property rights and privacy rights — does the county plan to scrap the work of those HOA's and their attorneys? Or allow those HOA's to operate by the rules they already have for their STR's?"

Thank you

Eric S Lentz
206-465-4336

Sent from my iPhone

On Feb 7, 2025, at 2:12 PM, Brent Butler <BButler@co.jefferson.wa.us> wrote:

Dear Eric,

Thanks for your questions. Staff is preparing answers to frequently asked questions for the planning commission and this will help inform it so be on the lookout for the next Planning Commission packet by going to the Short Term Rental website next Friday.

Have a great weekend.

-Brent

From: Eric Lentz <lentzerics@gmail.com>
Sent: Friday, February 7, 2025 1:04 PM
To: Brent Butler <BButler@co.jefferson.wa.us>
Subject: Re: STR presentation, topic and comments for consideration

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Thank you, Brent.

Please can you also comment on these questions?

1. Grandfathering -- A currently permitted STR would be grandfathered into any new ordinances for STR's?
1. If a current permitted STR is grandfathered in, then is the proposal to only allow 3 years from that time for that specific STR to have a permit before having to reapply? Even if that wasn't the case when the STR owner purchased the home and property with the intention to use the STR revenue to finance the home? Wouldn't this place a severe financial hardship on the property owner?
1. Pleasant Harbor Resort planning -- the presentation mentioned a higher percentage of STR's in that area. What is that defined area? How far does it stretch north/south on 101? Maybe I am misunderstanding this piece?

Thank you

Eric S. Lentz
206-465-4336

On Feb 7, 2025, at 12:46 PM, Brent Butler <BButler@co.jefferson.wa.us> wrote:

Dear Eric,

For your assistance, I've posted the presentation. It will also be posted to the short-term rental (STR) website if the file size prevents it from being transmitted. To get to the STR webpage, please google, "Jefferson County," "WA," and "Short-term rentals". Hope to see you at the next meeting.

Your comments are now part of the official record and will be uploaded early next week. Have a great weekend.

Warm regards,

Brent

Brent A. Butler
(he, him)
Chief Strategy Officer, AICP

Jefferson County Department of Community Development
621 Sheridan Street
Port Townsend, WA 98368
Phone 360-379-4493
bbutler@co.jefferson.wa.us

From: Eric Lentz <lentzerics@gmail.com>
Sent: Friday, February 7, 2025 12:23 PM
To: Brent Butler <BButler@co.jefferson.wa.us>
Subject: STR presentation, topic and comments for consideration

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi Brent,

I wanted to reach out and ask if an electronic copy of the STR presentation you gave on 02/05/2025 is available?

I am trying to watch it online, but the buffering and network errors make it very difficult to try and watch.

Hoping you could email me to an electronic copy that I could go through? I am also trying to figure out if I can download the presentation video but haven't had any luck with that as of yet.

Also a few questions / clarifications on STR's in Jefferson County:

1. Grandfathering -- A currently permitted STR would be grandfathered into any new ordinances for STR's?
1. If a current permitted STR is grandfathered in, then is the proposal to only allow 3 years from that time for that specific STR to have a permit before having to reapply? Even if that wasn't the case when the STR owner purchased the home and property with the intention to use the STR revenue to finance the home? Wouldn't this place a severe financial hardship on the property owner?
1. The buffering stopped me at about 34 minutes in and so I didn't get to fully see the comments about landlords living on the premises. Please can you clarify the points around where the landlord lives as it relates to the STR?
1. Pleasant Harbor Resort planning -- the presentation mentioned a higher percentage of STR's in that area. What is that defined area? How far does it stretch north/south on 101? Maybe I am misunderstanding this piece?

Is there an opportunity for me to add any community feedback or comments at this point or in the near future as these ordinances are considered?

A few comments that I would like to share are:

- I do support having the option to use my property for a short-term rental. This was my intended use when I purchased the property and there were no restrictions on renting at the time I purchased. It would not be right to take this option from me, or any current owner, who had not been advised of a restriction at the time of their purchase.
- I am in favor of abiding by the rules I was permitted under.
- I do not intend to impose hardship on other owners when I use my property for a rental, and do not wish hardship imposed on me by others to prevent my intended use.
- It is possible that some would prefer not to have rentals in the area. If it is the vote of the many that there are restrictions, those restrictions should be stated for **future** buyers / potential STR owners. This plan would ensure all **future purchasers** were put on notice that renting is not an option before buying the property. It is not right this option should be stripped from current owners.

Thank you, and sincerely,

Eric S. Lentz
206-465-4336

<5Feb2025_Presentation.pdf>

Brent Butler

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Warm regards,

Brent

Brent A. Butler

(he, him)

Chief Strategy Officer, AICP

Jefferson County Department of Community Development

621 Sheridan Street

Port Townsend, WA 98368

Phone 360-379-4493

bbutler@co.jefferson.wa.us

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Eric S. Lentz
206-465-4336

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Thank you, and sincerely,

Eric S. Lentz
206-465-4336

Brent Butler

From: Eric Peterson <erictpeterson@yahoo.com>
Sent: Friday, February 7, 2025 3:48 PM
To: Brent Butler
Subject: RE: Short term rental in Port Townsend

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

You to Brent.

[Yahoo Mail: Search, Organize, Conquer](#)

On Fri, Feb 7, 2025 at 12:51 PM, Brent Butler
<BButler@co.jefferson.wa.us> wrote:

Dear Eric,

Your comments have been received and are being added to the official record that'll be upload for all community members to see early next week. Thank you!

Have a great weekend.

Warm regards,

Brent

Brent A. Butler
(he, him)

Chief Strategy Officer, AICP

Jefferson County Department of Community Development
621 Sheridan Street
Port Townsend, WA 98368
Phone 360-379-4493
bbutler@co.jefferson.wa.us

From: Eric Peterson <erictpeterson@yahoo.com>
Sent: Wednesday, February 5, 2025 10:18 PM
To: Brent Butler <BButler@co.jefferson.wa.us>
Subject: Short term rental in Port Townsend

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Through public comment (email bbutler@co.jefferson.wa.us), affirm that limiting and regulating short term rentals is a win for our community. You can specifically applaud the inclusion of the following proposal items:

- **Protecting local communities and housing** by capping STRs to 3% of Jefferson County, or zipcode, housing units;
- **Encouraging equity in the STR markets** by limiting their permits at 3 years;
- **Protecting entire housing units from being used as an investment opportunity** by requiring the landlord/owner to be present and reside on the property.

Hi Brent. I'm very grateful for the work of Liz and Co at HSN. In most respects they are worthy of support.

I have to formally and vehemently disagree with their conclusions on short term housing however.

As a real homeowner with my own real money, time and sweat equity tied together into an unrelenting commitment to affordable housing in Jefferson county, I understand this dynamic between short term rental and long term affordable housing better than the advocacy groups. Short term hospitality hosting is an essential and powerful tool to subsidize long term affordable housing when its managed by the same stakeholders. Without it as an option, many long term affordable housing projects would simply be too risky and the workforce housing provided would be less livable. They support eachother. As an ecosystem, hospitality hosting is the food that feeds affordable workforce housing projects. Its the flexible source of funding that makes affordable workforce housing sustainable. They exist in proportion to eachother. Limiting STRs will decimate the availability of affordable workforce housing. HSN is flat out wrong on their conclusion.

Yours truly,

Eric Peterson,

From: Glori Zeltzer <toglori@gmail.com>
Sent: Friday, July 12, 2024 10:13 PM
To: Planning <planning@co.jefferson.wa.us>
Subject: STR Concerns

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

I'm writing to address the issue of short term rentals.

I live in Cape George Village, and although I have no concerns for how our current, few, STR's impact our community, I am concerned about any substantial increase in their numbers.

I like the proposals to limit STR's in Port Townsend to 2% as has Port Angeles, with full time residents being able to offer limited short term rentals of their primary residence. I would like to see investors and corporations prohibited from buying properties for rentals.

I am concerned about the lack of affordable housing, and how it's impacted our community.

Thank you for your time,

Glori Zeltzer

When we listen to people, our language softens. Listening may be the cardinal act of giving... it is the source of peace. ~ Paul Hawken

"There are two basic motivating forces: fear and love. When we are afraid, we pull back from life. When we are in love, we open to all that life has to offer with passion, excitement, and acceptance. We need to learn to love ourselves first, in all our glory and our imperfections. If we cannot love ourselves, we cannot fully open to our ability to love others or our potential to create. Evolution and all hopes for a better world rest in the fearlessness and open-hearted vision of people who embrace life."

— John Lennon



This position paper is being drafted for consideration to the Jefferson County Planning Commission and the Department of Community Development on behalf of the advocates at Housing Solutions Network.

The statements included in this paper serve as a representation of community members who are in favor of regulating short term rentals in Jefferson County to help preserve housing stock for long term rentals or purchase for local residents.

HSN will be working in the coming months to help supply homeowners interested in shifting from short term to long term rentals with support and resources. We welcome feedback on this process and engagement from veteran landlords, newbies, and tenants as we continue to promote *our vision of affordable workforce housing solutions that foster a thriving community and support economic vitality.*

Local Economy. Local Workforce. Local Housing.

Advocates at Housing Solutions Network support the following ideas as they relate to the regulation of Short Term Rentals (STRs) that fall under permanent structure housing accommodations, or Category Type 1, according to the Jefferson County DCD, and do not extend to transient rentals without structures.

Currently there are around 470 short term rentals in Jefferson County that we could find between AirBnB + VRBO, the two largest platforms for STRs (however, there are many new platforms popping up all the time!). The county has suggested that maybe half are permitted, [and in this press release](#), the County states that “information suggests there may be over 400 STRs in the county operating without the required permits”, meaning illegal STRs. These numbers also include Type 2 unstructured units, like HipCamp or Glamping (seasonal accommodations), so it’s hard to know how many are actually out there because many of them are illegal. HSN is not recommending any regulation suggestions for Type 2 unstructured units as we *hope* they don’t impact affordable housing options (although we acknowledge many people in our community live in recreational vehicles, outbuildings, and yurts that are designed to be seasonal housing).

We propose the following regulations be considered by the Department of Community Development and the Jefferson County Planning Commission:

Cap the number of Short Term Rentals (STRs) to 2% of the County's Housing Units

Capping the number of STRs prevents investment opportunities from inflating housing prices, reducing access to long-term rentals, or reducing inventory for purchase for and by local residents. A sliding (growing) cap would help keep STRs in direct relation to housing stock-fluctuating with new builds and availability.

Permits by Housing Stock:

Total JeffCo Housing Units**	Port Townsend Housing Units	# of County Housing Units x 2%	# of Housing Units
19,087	5,692	13,395 x 2%	268 units

***According to the 2020 US Census; Calculation: Total - Port Townsend = County # x 2% = # of units to set cap.*

Require homeowners to apply for short term rental permits for property. STRs should not be issued to homeowners or corporations operating more than one STR in Jefferson County. Permitting is not a new requirement, but should be restated to ensure that residents and homeowners are aware of this requirement and the steps to receive a permit.

Issue new permits every five years in relation to the growing number of housing units. By nature, permits will be available every year by the organic process of buying and selling housing stock in our community. Permits should not be transferable at point-of-sale. The Department of Community Development will review the number of housing units every five years to increase the total number of permits issued and should announce a set date in which new issues will be available (ex: November 1st applications open).

Require short term vacation rental platforms, like AirBnb, VRBO, and others to register with the County in order to operate.

Requiring short-term rental platforms (like AirBnb, VRBO, etc.) to register in Jefferson County holds accountability and enforceability to vacation platforms that take a percentage of the income from STRs.

Use platform-based enforcements to ensure permit compliance; meaning units can only be available on rental platforms if they have an active permit issued by the local jurisdiction. Alleviates enforcement from local government municipalities to platform-specific enforcement, reducing overhead costs of city or county government. If the homeowner doesn't have an active permit, the platform would not be able to host the STR option on their site.

Limit one STR per homeowner and require the homeowner to reside on premise for at least 6 months out of the calendar year. This would ensure that entire units can't be used solely for STRs and allow for second homes to be used in "off-season".

By requiring the owner on premise for at least 6 months out of the year, this would prohibit the purchase of a single family home to be used solely for investment purposes. This would also encourage individuals with second homes to open up their units while they weren't being used to be a part of the STR housing stock. This would not prevent second homes from being purchased in our community, but may incentivize homes that sit empty part-time to be occupied more. Many of the complaints during community forums came from neighbors where absentee STR owners weren't present in the community where they had an investment property and didn't respond to complaints of noise, traffic, or health and safety issues with the home. By requiring the homeowner to live on the same property for a portion of their time, this will help increase dedication and accountability to their STR.

Establish term limits of five years for STR permits, allowing a more equitable approach to those interested in short term rental opportunities.

Term limits would offer a more equitable approach to those who are interested in hosting short term rentals on their properties. This would prevent FCFS or grandfathering of homes to be held in perpetuity. With limitations on the number of permits, this would allow for a variety of homeowners to open their property up to STRs for a limited time. Permits would not be transferable at point-of-sale, which would prevent market speculation and an inflation of home prices. Additionally, permits would become available organically over time and not be restricted solely to groups every five years.

We would also like to note that the determination of any geographic limitations for STRs should be designated by the DCD staff and Planning Commissioners and abide by all health and safety standards as currently outlined in IRC building codes, applicable taxes, and other local regulations.

STR Public Comment 2024-04-05

I have my own house listed on Airbnb, but I only rent it out when I go on a vacation for longer than a week, mainly in order to have someone water my houseplants, as well as make a little money. I think that people who rent their own homes in such a manner should be excluded from any undo restrictions or be required to obtain a license, as it doesn't affect the the availability of local housing in any way, but it does provide an opportunity for tourists to visit and spend their money here.

Judith Rudolph jr@olympus.net

Brent Butler

From: Kevin Sanchez Morales <kevin.sanchez@airbnb.com>
Sent: Wednesday, February 12, 2025 1:59 PM
To: Brent Butler
Subject: Short-Term Rental Discussion

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hi Brent,

My name is Kevin, and I am a policy associate at Airbnb. Over the past few weeks, we have had hosts reach out to us about potential STR regulations. Last week, I was able to connect with some of your colleagues and was informed to connect with you on this matter.

As you consider regulating short-term rentals in Jefferson County, I'd be happy to connect and answer any questions you might have. I'd also like to go over several tools and resources we have available to address common things brought to our attention by staff and elected officials.

Best,



Kevin Sanchez
Policy Associate, Local Governments



Brent Butler

From: Lynne Reister <lodestarmarine@aol.com>
Sent: Tuesday, February 18, 2025 5:11 PM
To: Brent Butler
Cc: Lynne Reister
Subject: STR AND AIRBNB

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Sharing our home and making our ADU, and other properties is important to many.
I have sent my concerns before.
I am 83 yrs old.
I depend on these additional fund to support myself without retirement funds.
I enjoy my guests and sharing the special things in our communities and state.
Most come to enjoy our state parts, relatives (without additional space for guests), hiking, boating, visiting festivals.
I also host visiting medical staff. There is a housing shortage in Jefferson County and out hospitals (and out community) pay the price when employees cannot find housing.
Guest bring dollars to our economy.

Do not limit STRs to owner occupied residences only.

Thank you, Lynne

Lynne Reister, AMS, CMI
Lodestarmarine@aol.com
206-841-6006

*Lodestar: A Guiding Principle-Ideal;
as Let the Pursuit of Truth be your Lodestar!*

English: hence a star by which to direct one's way!

Brent Butler

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Sharing our home and making our ADU, and other properties is important to many.

I have sent my concerns before.

I am 83 yrs old.

I depend on these additional fund to support myself without retirement funds.

I enjoy my guests and sharing the special things in our communities and state.

Most come to enjoy our state parts, relatives (without additional space for guests), hiking, boating, visiting festivals.

I also host visiting medical staff. There is a housing shortage in Jefferson County and out hospitals (and out community) pay the price when employees cannot find housing.

Guest bring dollars to our economy.

Do not limit STRs to owner occupied residences only.

Thank you, Lynne

Lynne Reister, AMS, CMI
Lodestarmarine@aol.com
206-841-6006

*Lodestar: A Guiding Principle-Ideal;
as Let the Pursuit of Truth be your Lodestar!*

English: hence a star by which to direct one's way!



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February 18, 2025

By Email & U.S. Mail

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Re: **Public comment on draft Short-Term Rental Ordinance**

Dear Members of the Planning Commission:

On behalf of interested stakeholders, we submit the below comments on the revised proposed short-term rental ("STR") ordinance (the "Ordinance"), including the legal challenges the Ordinance could face if adopted.

1. State law already governs short-term rental use of property.

The Ordinance needlessly and confusingly attempts to regulate an area of property use that the State Legislature has already regulated.

In 2019, the Legislature adopted what became Chapter 64.37 of the Revised Code of Washington, governing short-term rentals. That chapter has comprehensive provisions governing topics from taxation and consumer safety to insurance and operation of STR platforms. Chapter 64.37 implements the Legislature's considered judgment on the appropriate balance between competing interests by, for example, carefully delineating between the uses to which Chapter 64.37 applies and those uses that the Legislature decided do not warrant regulation. See, e.g., RCW 64.37.010(9) (defining "Short-term-rental" to include and exclude certain uses).

The Ordinance being considered by the Planning Commission would imposing a different and conflicting STR regulatory scheme. Not only would adoption of the Ordinance upset the careful balance struck by the Legislature, but it could create a conflict with Chapter 64.37 that would subject the Ordinance to legal challenges. See, e.g., *Watson v.*



City of Seattle, 189 Wn.2d 149, 171 (2017) (“A state statute preempts an ordinance if the statute occupies the field or if the statute and the ordinance irreconcilably conflict.”); *Brown v. City of Yakima*, 116 Wn.2d 556, 559 (1991) (similar); *Dept. of Ecology v. Wahkiakum County*, 184 Wn. App. 372 (2014) (holding County’s ordinance to be preempted where it banned use of biosolids that was permitted by state law).

The County should not second-guess the Legislature’s judgment or risk incurring legal liability by adopting the Ordinance that is wholly unnecessary in light of RCW Chapter 64.37.

2. The Ordinance’s primary residence restriction violates the dormant commerce clause of the U.S. Constitution.

The Ordinance’s requirements that the short-term rental be “located at the landlord’s primary residence” and that the landlord “be personally present and living in the dwelling” if the landlord wishes to rent out the property for more than “15 today[sic] days in a calendar year” violate the dormant commerce clause of the U.S. Constitution.

Laws, like the Ordinance, that discriminate against interstate commerce by treating in-state and out-of-state interested differently are likely to be unconstitutional under Article I, Section 8, Clause 3 of the United States Constitution. See, e.g., *C & A Carbone, Inc. v. Town of Clarkstown*, 511 U.S. 383, 390 (1994). In the context of STRs, laws that impose a residency requirement on those wishing to operate a short-term rental are unconstitutional. See *Hignell-Stark v. City of New Orleans*, 46 F.4th 317, 327 (5th Cir. 2022) (holding New Orleans’ requirement that the owner of short-term rental be a resident was unconstitutional).

Because the draft Ordinance includes such residency requirements, it would be unconstitutional if adopted.

3. At a minimum, the County should exempt existing uses from the Ordinance’s requirements.

The imposition of the various regulatory burdens of the Ordinance on current and prospective Jefferson County STR hosts could constitute a



compensable taking from those hosts without just compensation in violation of the Takings Clause of the U.S. Constitution.

The Takings Clause states that “private property [shall not] be taken for public use, without just compensation.” Various provisions of the Ordinance, such as the permit cap, could affect both a “regulatory” taking and a “per se” taking.

The Supreme Court has noted three “factors that have particular significance” when conducting the regulatory takings inquiry: (1) “[t]he economic impact of the regulation on the claimant,” (2) “the extent to which the regulation has interfered with distinct investment-backed expectations,” and (3) “the character of the governmental action.”¹ The permit cap could totally frustrate the investment-backed expectations of Clatsop County hosts who have purchased or developed property for purposes of operating STRs, significantly reducing the value of such property through constraints on new permits and the transfer of existing permits.

Additionally, Supreme Court caselaw has underscored that governmental regulation can affect a compensable taking per se when it interferes with the “power to exclude” which is “one of the most treasured strands in an owner’s bundle of property rights.”² Recent federal appellate precedent suggests that government action restricting an “owner’s right to exclude others” can give rise to a taking even in the absence of a direct physical intrusion.³ STR restrictions like the permit cap burden appropriate a host’s right to rent their property to tenants on a short-term basis, interfering with host’s right to control who has access to their property.

¹ *Penn Central Transportation Co. v. New York City*, 438 U.S. 104, 124 (1978)

² *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 435 (1982); see also *Sheetz v. County of El Dorado, California*, 601 U.S. 267, 274 (2024) (“[T]he right to compensation is triggered if [authorities] ‘physically appropriat[e]’ property or otherwise interfere with the owner’s right to exclude others from it.”).

³ *Darby Dev. Co., Inc. v. United States*, 112 F.4th 1017, 1034-35 (Fed. Cir. 2024).



Finally, the Supreme Court requires that, to be constitutional, there must be both an essential nexus and rough proportionality between regulation and the conditions imposed by the regulation on the property owner.⁴ Here, it is doubtful that the Ordinance's provisions—including the arbitrary cap on the number and location of permits—can satisfy these constitutional requirements.

To avoid exposing itself to takings claims, Jefferson County should decline to adopt the Ordinance. At a minimum, Jefferson County should make clear that the Ordinance does not apply to existing short-term rental uses.⁵

Sincerely,

A handwritten signature in blue ink, appearing to read "Ciaran P.A. Connelly", with a long, sweeping flourish extending from the bottom right.

Ciaran P.A. Connelly

⁴ *Sheetz*, 601 U.S. at 275–76.

⁵ The proposed Ordinance, at Appendix D, § 18.20.210(3)(e)(iii) appears to include at least a partial exemption for existing uses. But to avoid takings claims, this exemption should be expanded and clarified to ensure that the Ordinance does not apply to any landlord's existing use of their property.

Brent Butler

From: Natalie Bahl <natalieteresebahl@gmail.com>
Sent: Friday, February 7, 2025 2:18 PM
To: Brent Butler
Subject: SUBJECT: STR Ordinance

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

To All Whom It May Concern:

I am writing today to express disappointment in the proposed ordinance to restrict short term rentals in Jefferson County. Our family has a tradition of traveling to a cabin outside of Port Townsend each year. It has become a very special place to all of us and we've celebrated many big family milestones there. We have gotten to know the owners over the years, which is how I became aware of the new ordinance. I was devastated to learn that we may not be able to continue our annual tradition since the owners do not live on site and could lose their ability to rent their home to us.

If this ordinance is passed we will have to find another cabin outside of Jefferson County to visit, but it won't be the same. We love spending time (and money!) in your beautiful county and, until now, have always felt welcomed by the warmth of the community. We know there are many factors at play, but we also hope you will also consider visitors' perspectives when making your decision.

Sincerely,
Natalie Bahl

Dear Jefferson County Commissioners

My name is Paul Bezilla and I live full time with my wife Annie in the Cape George community just outside Port Townsend. I am writing to express both my concern for the number of permitted and illegal STR's in Jefferson County, the problems that come with them, and my support for enforceable STR regulations.

I am a retired captain from the Anchorage Fire Dept in Anchorage Alaska. During my 20+ years on the job, I have witnessed many tragedies first hand when either codes or regulations are not adopted or enforced. Unfortunately it is usually only after there is a loss of life that there is overwhelming support for adoption, regulation, and enforcement.

In my experience, it is far to common for families that live in a small 2 bedroom home and grow their families, who then cannot afford to buy a larger home or expand their existing home, turn areas like their basement or office areas into a children's bedroom. Areas that were never built or permitted to be a sleeping area. When a fire fatality happens in homes like these, due to the fact that fire fighters, with all of our gear on, cannot access an area due to inadequately sized windows or no windows at all, someone dies, and it truly is a tragedy.

When this same loss of life happens due to the fact that a person or a business wanted to increase their profits by renting out a 2 bedroom home and allows 8 or more people to sleep there, this is not just a tragedy, it's criminal.

I retired from the fire department and moved to Sedona Arizona in 2016 before moving to Cape George last year. The main reason my wife & I left sunny Sedona for Port Townsend was 100% due to the loss of community from STR's. Our neighborhood in Sedona was one of the most saturated in the city. In 7 short years we went from 0% to 72% STR's. Our neighborhood and community was changed forever.

This all occurred due to the fact that in 2016 the governor of Arizona forced all towns and cities within the state to allow STR's. And like Port Townsend, Sedona had a 30 day minimum rental ordinance but this ordinance was overturned by the new state law. Even though Sedona heavily relies on tourism, the city fought the state on this issue and unfortunately lost. Our city was even threatened to loose state funding if we attempted to impose any type of regulation on STR's. (if interested, see attached news article to verify these claims).

As of 2023, Sedona had a population of 9,790 people and 4936 residential homes. Out of the 4936 homes there are now over 1100 STR's. That is nearly 1 in 4 homes being an STR.

Some might think that a city that relies so heavily on tourism for a majority of it's funding would be very supportive of something like STR's as it should bring in more tourists and money, right? From the beginning, the city of Sedona realized that this would cause more problems than benefits, and they were right. (if interested, see attached White Paper report commissioned by the City of Sedona. While this report was published in Feb 2021, most of the data was collected from 2019 & 2020. The number of STR's in Sedona proliferated during the pandemic years of 2022 & 2023 which are not included in this report.)

For the past several years, the city of Sedona has been dealing with critical housing shortages for workers as many long term rentals have been converted into profitable STR's, many of which are owned by corporations and businesses. Water, sewer, fire services, and traffic have all been severely impacted for this small town due to the increase of STR's. The damage is

done and due to state law and private property rights in Arizona, they cannot put the horse back in the barn. There is no turning back for Sedona.

After living in a neighborhood of Sedona that was so heavily affected by STR's, due to our location being in close proximity to many popular trails and tourist attractions, I am deeply concerned and hope that commissioners also consider the impact to communities like Cape George and Kala Point during this process.

Due to the fact that Port Townsend is one of the main tourist destinations in Jefferson County, and the city can legally ban STR's, places that are "bedroom communities" like Cape George, will most likely have a higher percentage of STR's and the problems that come with them.

It is my hope that the county not only considers regulations that permits a limited number of STR's in Jefferson county, but that each geographical community that may be more impacted than others are considered in crafting these regulations.

I truly applaud the Jefferson County commissioners and planning department for being proactive and forward thinking on this very important issue that impacts all aspects of our community. While I am not necessarily anti-STR, I am certainly 100% in support of clear and enforceable regulations that support the people that actually live and work in our county.

Clear and enforceable regulations will provide a legally permitted and safe place for tourists to stay in, preserve long term rental housing for the people that actually keep our community functioning, and will go a long way in preserving the quality of life that this county is cherished for.

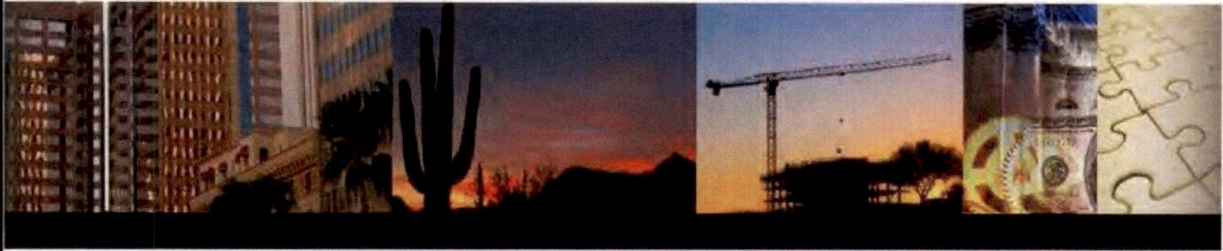
Thank you for allowing me to take your time and express my concerns.

Sincerely,

Paul Bezilla

<https://www.redrocknews.com/2021/05/18/chamber-of-commerce-hotels-talk-short-term-rentals/>

The Negative Consequences of Short-Term Rentals – Arizona's Recipe for Disaster



February 2021

Prepared by:



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Preface

This research report was initiated to study the secondary or indirect impacts of the short-term rental (STR) industry on cities and neighborhoods, with a particular focus on Arizona – a state with some of the most STR industry-friendly laws that eliminate local oversight over these activities where they occur. During the course of the study, it became obvious that the so-called “unintended consequences” of the STR industry, often directed by Airbnb, are actually direct attempts to undermine local land use control, health and safety regulations, and tax collection all in an effort to maintain and grow revenues for this industry and, in the case of Airbnb, preserve its stock market valuation (currently more than Marriott and Hilton combined). The conclusion of this research report is that any supposed unintended consequences of the STR industry are instead direct, intentional consequences that will continue to affect local governments, the housing market, and residential neighborhoods until STR platforms are willing to negotiate in good faith to resolve these issues. Moreover, Arizona’s unique, STR industry-leaning regulatory framework is intensifying adverse impacts on Arizona neighborhoods and the State. These negative impacts cannot be addressed adequately until and unless Arizona returns to a more mainstream approach that re-empowers local communities to use oversight and enforcement tools: tools that have proven effective in many other jurisdictions across the country that are not impeded by state-level laws like those in Arizona.

Executive Summary - Observations and Conclusions

The sharing economy, in its simplest terms, is a system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the internet. Some of the best-known sharing economy platforms are those focused on short-term rentals exemplified by Airbnb. The STR industry is based on the premise that a person can rent a home they live in or a room in their home or a separate unit on their property (guest house, granny flat, auxiliary dwelling unit) to another person for income. This is the perception the STR industry tries to portray in its marketing efforts, but the industry has transformed into a variety of different business models, many of which involve exploiting regulatory loopholes all under the guise of innovation.

Findings and Conclusions

The review of business trends of the STR industry outlined in this study and the experiences of cities in dealing with the negative impacts of short-term rentals exposes a number of operating tactics of the industry and how local jurisdictions have been thwarted in their efforts to deal with STRs. In Arizona, current law encourages the growth of the STR industry which has proven harmful to neighborhoods, the traditional hotel industry, and the available housing stock for long-term renters. The primary findings and conclusions of this paper follow.

1. Airbnb and other STR platforms have consistently misrepresented the context of their business model within the “sharing economy” label. Instead, it has transformed over the years into a model that more and more relies on multi-unit hosts who operate miniature hotel chains, often within residential neighborhoods. In Arizona, this activity takes place without the traditional local oversight and controls that used to exist and do in fact broadly continue to be applied to STRs in many other localities around the country and the world. The STR platforms also significantly overstate their economic impact on local economies by failing to recognize that the vast majority of visitors would continue to travel to their destinations even if Airbnb did not exist.
2. Arizona’s prohibition on the regulation of short-term rentals through SB1350 has clearly created a wide range of problems for local jurisdictions, particularly for those communities that have tourism economies. There are differences between the impact of STRs on cities such as Phoenix and Scottsdale just as there are differences between Scottsdale and its neighbor Paradise Valley. The rural communities of Arizona, exemplified by Sedona, also present a completely different set of circumstances compared to the urban areas of the state. There is not one set of regulatory standards that applies to all cities for land use and neighborhood issues. Each community needs to develop its own set of requirements relative to its own situation. Tourism-oriented

communities have been impacted the most by STRs and likely need the most tools to deal with their negative effects. Laws such as SB1350 are not the recommended path forward in Arizona for neighborhood stability and economic sustainability and growth.

3. Zoning is the bedrock foundation of local government land use protections. It helps to establish and maintain the character of a community in accordance with local desires and protects property values by separating uses that may be incompatible. Zoning is and always has been under local authority, subject to certain standards delegated by the state. The inability of local jurisdictions to regulate short-term rentals due to statewide bans such as SB1350 usurps citizens' and local communities' rights to determine and preserve the character of the community in which they live and to protect their property rights. At the very least, the STR issue should be subject to debate and input among all levels of government, as it is in other parts of the country.
4. Communities across the country have experienced the conversion of traditional rental units and owner-occupied homes to short-term rentals. The result is a decline in the available housing supply often impacting residents who depend on affordable housing for shelter. Conversely, the reduction in the supply of long-term rental housing also causes prices to rise as units are bid up in price by STR investors. Demand for housing is inelastic - households have little ability to forgo housing when it becomes more expensive. And even small changes in the supply can cause housing prices to rise. While large cities and metro areas may be able to absorb some of the loss of units to STRs, the result in smaller towns is quite different, affecting the fabric and character of neighborhoods and whole communities and regions.
5. A common theme found across most communities, which generates most of the complaints to local governments, is the negative impact of non-owner-occupied or investor STRs operating in residential neighborhoods as quasi-commercial uses. Complaints about STRs are commonplace from neighbors who live near these units concerning noise, crime, parking, and neighborhood peace. Most cities target their regulations at these types of units – but this is something that cannot be done in Arizona due to state-level laws preempting and preventing such traditional exercise of local laws and enforcement authority. Indeed, in Arizona, local authorities must expend taxpayer funds to react problems caused by STRs, typically with police forces or code enforcement that can have no lasting helpful impact under current law, that are avoided altogether in communities that are empowered to use traditional zoning and other legal tools.
6. The STR industry is growing and is poised to take advantage of a business model that, without adequate oversight, will continue to leverage their lower operating costs compared to traditional lodging and as key STR operating costs are, in effect, subsidized by other taxpayers. In 2019, STRs accounted for more than 10% of the traditional U.S.

hotel room inventory. Absent the COVID-19 pandemic, the STR inventory was expected to reach a 12% penetration rate of the hotel market in 2020 with the addition of 100,000 new units. While the traditional hotel industry has always been highly competitive, STRs in Arizona are operating at an unfair advantage due to the relative lack of oversight and regulation at the state and local level. STRs do not need to pay staff and are not regulated like hotels, which increases costs for traditional lodging operations substantially but is found to add value to the communities in which they operate. Indeed, many of the costs traditionally associated with building and running a hotel – on-site staff, security personnel, cleaning personnel, ADA facilities, fire safety systems, adequate parking, buffering from residential areas, commercial property taxes – are either avoided entirely by non-owner occupied STRs, or are externalized onto society at large by expecting neighbors of an STR to call local police forces when experiencing criminal activity, noise, or partying from an STR. Over the long-term, this will result in a loss of jobs in the hotel industry that are not directly replaced by the STR industry. Many STRs do not charge tourist bed taxes which further deepens the unequal competition. The unregulated and unrestricted growth of STR units is placing pressure on the hotel industry which ultimately will negatively impact (1) a reliable and consistent revenue source for state and local governments and (2) employment in the tourism/lodging industry.

7. STRs are here to stay in one form or another. There needs to be constructive discussion between STR platforms and adversely impacted communities on how they can continue to operate while minimizing impacts on local communities. There is a balancing act between the rights of certain property owners to use residentially-zoned properties in any manner they desire and the greater community good. The perceived property rights of a few STR owners should not infringe on the property rights of the majority.
8. STR platforms like Airbnb need to be more cooperative in assuring that there is tax compliance for their host operators and more transparency in sharing information with tax authorities. STR platforms should not list STRs on their websites unless they are registered with the local jurisdiction as legal short-term rentals. Most cities have been inundated with illegal STRs. The technology to provide host information to cities and assure that all STRs are legal in the eyes of the city or other governing authority is clearly available. STR platforms also need to self-monitor their hosts' activities and those of their guests.

In summary, there are significant negative economic impacts imposed on state and local jurisdictions by the STR industry.

- Housing disruption is one of the most significant negative impacts of the STR industry, affecting both the supply and price of housing units. At a time when housing affordability

has become a problem across the country, the loss of long-term rental units to transient, short-term use will only exacerbate the issue.

- STR hosts are operating at an unfair advantage compared to the hotel industry by not abiding by building, safety, and taxing requirements imposed on traditional hotels, motels, and other lodging facilities, and externalizing those costs onto taxpayers generally, who in effect are forced to subsidize this niche business.
- State and local jurisdictions may see hotel tax revenues they depend upon decline or be less reliable due to ineffective STR tax collection efforts.
- Established tourism-related employment will decline as the number of multi-unit hosts listed on STR platforms increases. While there may be some offset of increased employment by STR operators, a net loss of employment will result causing distress across all hotel management levels with adverse impacts to job retention and growth.
- At the city level, property values will likely be affected as STRs invade traditional residential neighborhoods.

The true costs of the STR industry are externalized on many segments of society, from residential neighborhoods that must deal with disruptions, crime, and noise, to the hotel industry that is facing unfair competition, to reduction of jobs, and to the housing market that is facing rising costs and reduced supply.

Short Term Rentals and The Sharing Economy

Short term rentals, units rented by homeowners to persons typically from a few days to a few weeks, are part of the “sharing economy”. In its simplest terms, the sharing economy is a system in which assets or services are shared between private individuals, either free or for a fee, typically by means of the internet. When not needed, a person can rent out his car, her apartment, or his bike to another person, all done digitally. The sharing economy depends upon technology-based companies that use the internet to bring people together to sell or rent services. These companies are often described as “disruptors” who use technology platforms to revive stagnant sectors of the economy and increase the quality of goods and services to the general public. They typically also provide persons with the opportunity to earn income.

Two of the best-known sharing economy platforms are Uber and Airbnb. Uber connects drivers with people needing to get somewhere. While conflicts have been noted throughout the world with unlicensed persons performing a service historically filled by licensed cab drivers, the model is based on the sharing economy. A person has a car and agrees to essentially rent it out and drive someone to a destination. That model has not changed over the years although skirmishes with state and city regulatory authorities continue to affect the company’s business.

Airbnb is the most widely used platform in the short-term rental industry. It is based on the premise that a person can rent a home they live in or a room in their home or a separate unit on their property (guest house, granny flat, auxiliary dwelling unit) to another person for income. This is the perception Airbnb tries to portray in its marketing efforts, but the STR industry has transformed into a variety different business models, many of which involve exploiting regulatory loopholes all under the guise of innovation.

In the top 30 STR metro area markets in the U.S., about two-thirds of the units are in the entire-home or apartment category, meaning that the renter occupies the unit without the owner or host being present. The units where the owner is not present on the property have largely generated the most complaints from nearby residents, particularly in the case of single-family homes in residential neighborhoods. Apartments and condos, by comparison, typically have some type of monitoring of renter conduct and the properties are often located in commercial-type areas.

In 2019, there were more than 1.5 million STR units listed on various platforms in the U.S., about seven times the amount listed in 2014.¹ Not all the units were active or available for booking year-round. In the top 30 STR markets in the U.S. more than one-third of STR rentals are a house where an owner is not present.

2019 Short-Term Rental Supply By Type in Top 30 Markets				
Property Type	House	Apt./Condo	Other	Total
Entire Home/Apartment	34.4%	32.2%	1.3%	67.9%
Private Room	19.1%	8.9%	0.2%	28.3%
Shared Room	1.0%	0.6%	0.0%	1.6%
Hotel/Hostel	-	-	1.6%	1.6%
Bed & Breakfast	-	-	0.5%	0.5%
Total	54.5%	41.8%	3.7%	100.0%

Source: AirDNA, CBRE Hotels Research 2019

As a whole, the STR industry represents a failure to engage with regulators and abide by local ordinances and regulations. It is a business model that largely ignores the impact of its hosts and guests on various aspects of the local housing market and neighborhood stability. The exploitation of regulatory loopholes includes avoiding or ignoring zoning regulations, building and safety regulations normally imposed on the hospitality industry, and sales and bed taxes normally collected from hotels, motels, and licensed bed and breakfast operators. In the case of Arizona, the avoidance of established local zoning and other regulations took the form of SB1350, which explicitly overrode those standards. In addition, the lack of oversight of host operators by STR platforms and the competitive advantages over traditional lodging enjoyed because of this pattern of behavior has led to the proliferation of STRs owned by a small number of hosts that operate multiple housing units as miniature hotel companies. At the heart of the discourse between the STR platforms and government regulators is whether the STR platforms operate as pure technology companies, providing a match-making service to willing participants, or whether they are operating in effect as a hospitality company.

The purpose of this report is to outline the negative consequences of the STR industry on local communities, which in many situations have transitioned into “intended” consequences as platforms such as Airbnb continue to defend their business model and disregard local regulatory and taxation policies. The expansion of Airbnb in Arizona has been fueled by a state law that is intended to block local oversight and enforcement. Significant questions have arisen about STRs’ negative effects on local housing cost, affordability, and availability; the quality of life in residential neighborhoods; and local governments’ ability to enforce municipal codes and collect appropriate taxes. An overview of the negative consequences STRs in Arizona and across the country are outlined hereafter in this report.

Arizona's Experience With Short Term Rentals

Arizona has among the most STR industry-friendly laws of which we are aware. SB 1350 enacted by the Arizona legislature in 2016 purposely and significantly restricts the ability of local governments to regulate STRs and, in fact, eliminated existing local laws that had traditionally applied to such activities. The law states that a city or town may not prohibit, restrict the use of, or regulate STRs based solely on their classification, use, or occupancy. In other words, an STR must be treated exactly the same way as an owner or long-term-tenant occupied home.² The law was originally promoted to the legislature as a way for Arizonan's to be able to rent an extra room in their homes more easily while they are present, but like other markets with STRs, this has not been the common experience.³

Representative John Kavanagh of Fountain Hills has sponsored legislation in 2021 to address the shortcomings of the current law and suggests a number of reforms to correct the negative consequences of STRs and externalities imposed on local communities. These reforms would reduce the concentration of STRs in neighborhoods, prohibit outdoor activities at night, limit ownership to persons in their primary or secondary residences, and establish occupancy limits. Legislative proposals to further amend current STR laws are expected in the 55th legislative session.

What SB 1350 fails to address is the proven value of traditional local oversight and enforcement along with the differences in local communities across Arizona. The state has a robust tourism industry. Some of those tourist destinations are in the rural areas of the state where housing opportunities are limited. Businesses who rely on employing persons in those rural communities need to have an available housing stock for their workers. In the urban parts of Arizona, housing opportunities are much more available, but affordability is often an issue. Many communities also wish to protect their residents from intrusion of commercial type uses into residential neighborhoods. This is particularly true in communities such as the Town of Paradise Valley which was founded in 1961 to create and preserve a low-density, residentially zoned community. The bottom line is that one blanket restriction on prohibiting the regulation of STRs at the local level does not work. Each community has different characteristics and may react differently to the introduction of STRs into their jurisdiction.

Indeed, in response to the concerns with the STR industry outlined above and the impact of SB1350 on local control of short-term rentals, 33 mayors of cities and towns across Arizona, including the largest cities in the state, signed a letter to the CEOs of Airbnb and Expedia Group requesting that the companies end their efforts to block local regulation of STRs in the state. The letter outlines how the ground swell of complaints from citizens for regulation of STRs in Arizona

will eventually disrupt the industry’s business model. The authors of the letter recognize that STRs can operate compatibly in Arizona, but that local control is the best approach to a sustainable STR industry. A copy of the letter is included in the Appendix to this report.

STR data was collected from AirDNA, a provider of short-term vacation rental data and analytics that tracks the daily performance of over STR listings on Airbnb, Vrbo, and other platforms. The data below shows the number of active STR units in Phoenix, Scottsdale, Paradise Valley, and Maricopa County relative to their housing inventory as of January 2020. Overall, the percentage of active STRs in Maricopa County compared to its housing stock stands at 0.7%. Phoenix has a low percentage of STRs relative to its housing supply while Scottsdale’s STR inventory stands at 2.8% of total units. On a per unit basis, Scottsdale’s housing stock is only 22% the size of the Phoenix housing stock yet it has 720 more active STR units than Phoenix. As one of the Valley’s premier tourist destination, Scottsdale has experienced a more dramatic influx of STRs than Phoenix. Paradise Valley by comparison, which has a population of only 14,300 persons, has an even higher estimated level of STRs relative to its housing inventory at approximately 3.8%.

Short-Term Rentals in Selected Communities				
	Phoenix	Scottsdale	Paradise Valley	Maricopa County
Population	1,680,988	258,064	14,362	4,485,414
Housing Units	637,511	145,936	6,091	1,789,265
Active STRs	3,372	4,092	234	12,219
% Active STRs of Total Units	0.5%	2.8%	3.8%	0.7%
Sources: AirDNA, American Community Survey 2019 5-Year Estimates				

The above estimates point to the fact that some communities will react differently to the STR issue. Scottsdale’s former Mayor Jim Lane, for instance, testified in front of the Joint Ad Hoc Committee on the Impact of Short-Term Rentals on Arizona Communities in December 2019 pointing to the concern of commercial enterprises renting out single-family homes for tourists. He indicated that short-term rentals, if they continue to grow in number, could potentially change the entire complexion of neighborhoods. In addition, STRs are also in direct competition with the city’s resorts and hotels and there needs to be some equalization of regulation. The city has also dealt with crime and shootings at STRs over the last few years.⁴

The Town of Paradise Valley has expressed great concern about negative impacts related to STRs and the introduction of commercial uses into the community. Paradise Valley is a low-density residential community that enjoys the highest property values in the State, low crime, and is home to many of the State’s executives, entrepreneurs, and notable citizens. Since its founding

by former Supreme Court Justice Sandra Day O’Connor and other prominent citizens in 1961, Paradise Valley has relied on stringent local zoning laws and restricted commercial lodging uses in the town to a handful of high-quality hotels and resorts which are highly regulated through zoning and other laws, buffered from residential areas, well-staffed, and required to monitor and protect against loud or unruly behavior. Arizona’s current state law does away with this long-standing traditional balance. Now, the Town commonly sees the use of entire homes as locations housing dozens of STR visitors on a nightly basis, which has introduced unwanted commercial activities, crime, and other serious and uncontrolled nuisances directly into residential neighborhoods.

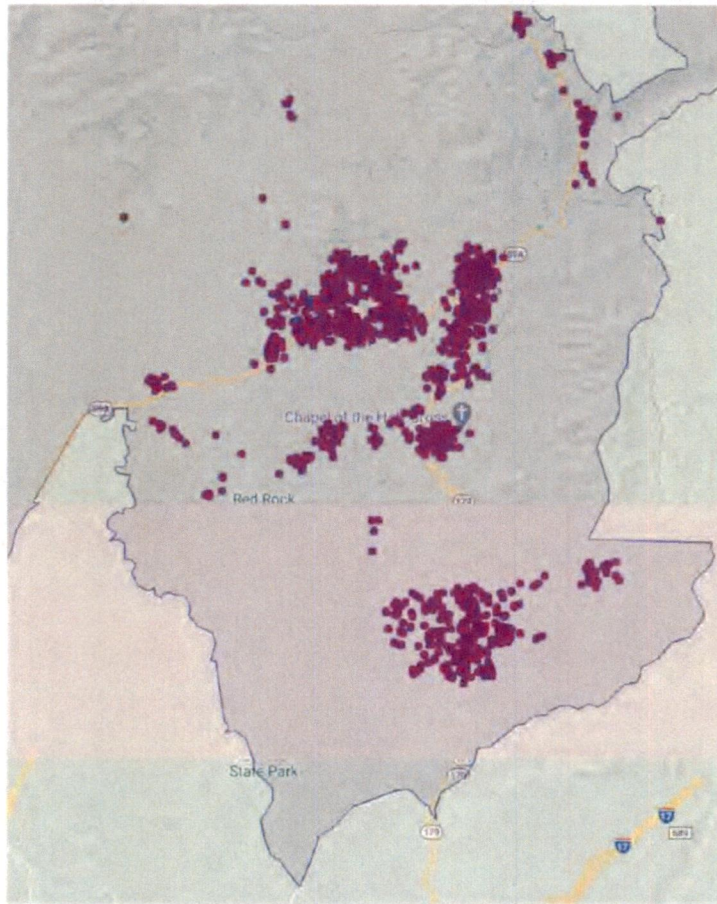
A frontpage article in The Wall Street Journal from December 10, 2020 further highlighted some of the difficulties faced by Arizona’s communities and other cities across the U.S. in dealing with STRs. The article outlines how with the passage of SB 1350 investors poured into affluent communities like Paradise Valley and Scottsdale, snapping up homes to rent on the STR platforms. Nearby residents have complained about declining home values, loud parties into late hours of the night, and neighborhood disturbances such as shootings. In response, grassroots efforts are underway across the country to overturn laws such as SB 1350. In fact, Airbnb has warned investors in its stock filings (Airbnb went public in late 2020) that “managing its success in the face of angry neighbors and unfavorable local laws is among its biggest challenges in the U.S. and around the world”.

Of additional concern is the impact of STRs on Arizona’s small, rural tourism-oriented communities.

Sedona

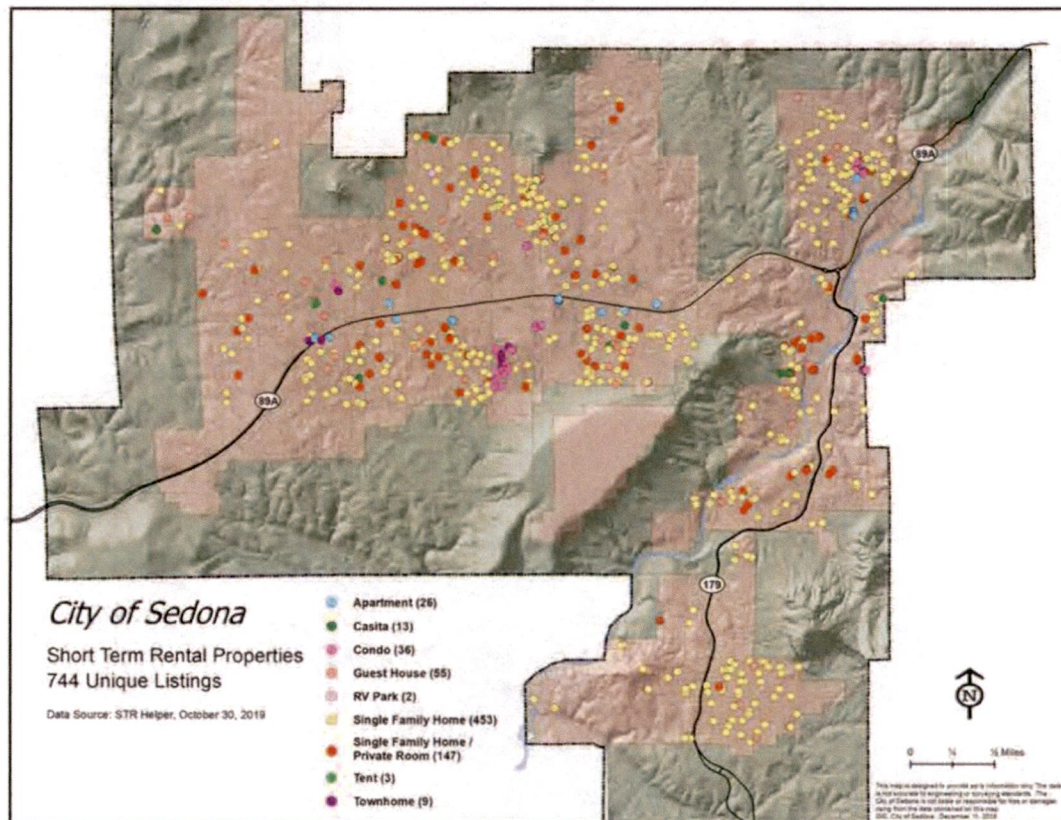
Sedona is a world-renown tourist destination that has experienced significant negative impacts from the STR industry. These impacts include the disruption of neighborhoods, zoning and building safety violations, nuisance violations, and the loss of housing for its residents and persons working in the city. In January 2021, there were 2,378 active STRs listed on the AirDNA website for Sedona and Village of Oak Creek, including some units that are outside of Sedona city boundaries. However, a number of hotels and time share properties list their units on the STR platforms. Applying a 20% reduction for these types of properties results in an estimate of 1,902 active STRs or approximately 16.9% of the 11,200 housing units in the two communities. The map below shows the concentration of those STR units according to AirDNA.

Active STRs in Sedona Area				
	Sedona	Village of Oak Creek	Total	Less 20% for Hotels, Timeshares
Housing Units	7,096	4,147	11,243	11,243
STRs			2,378	1,902
Percent STRs			21.2%	16.9%
Sources: AirDNA, American Community Survey 2019 5-Year Estimates				

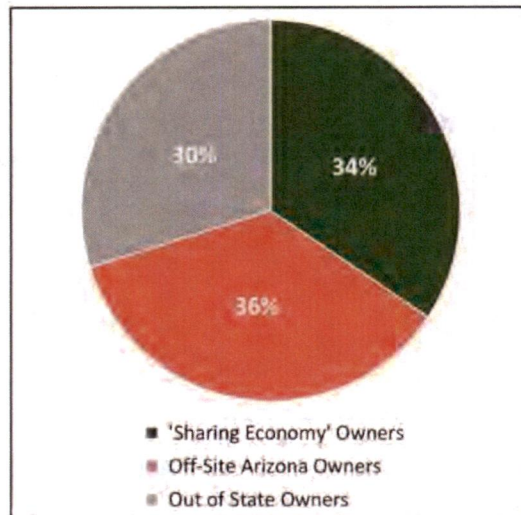


The City of Sedona is among communities highly active in voicing concerns with STRs due to their proliferation over the last few years. In 2019, the city collected available data on STRs and cleaned from the data hotels, timeshare units, and other traditional guest units that advertise on the STR platforms. The result is a total of 744 unique listings within city boundaries or 10% of the housing units in the city. The STR units were categorized by type with a majority being single family homes (61%) followed by homes with a private room. The database also includes RVs and tents that have popped up around the city. The

dispersion of the units is shown on the exhibit below indicating substantial clustering of units in single family areas.



Of significant concern is the ownership pattern of the STR units. Only 34% of the units are associated with a property that is occupied by the owner, shown in the chart below as “sharing economy” owners. The remaining two-thirds of STR units are owned by out-of-state persons or persons who do not live on the STR property.



Sedona has historically had high housing prices which created affordability issues for its workforce. Between 2015 and 2019, the average home price, including single family homes, condos, and mobile homes, increased by 45% to \$636,000. While the lack of affordable housing and rising prices cannot be fully attributed to the proliferation of STR units, it certainly has contributed to the problem. There is a significant amount of anecdotal information on the conversion of long-term rentals to short-term. Stories abound of residents being forced to move at the end of their leases as properties are converted to use for short-term visitors.

The decline in the supply of long-term rental units has torn at the fabric of the community. In 2019, the school district closed one of three elementary schools. The high school graduating class is down to about 50 students, about one-half of what it was five or six years ago. The district has now added 7th and 8th grades to the high school so the building can be fully utilized. Little league baseball and football programs are no longer organized because young families are leaving the city.

Data from the U.S. Census appears to verify the trends that are visible to city residents. The Census indicates that between 2010 and 2019 the number of owner-occupied households in Sedona increased, but the count of renter households declined by 22%. In addition, the loss of renter households is in the prime child-rearing age groups of 24 to 59 years old. Even owner-occupied households in the 45 to 64 year-old age groups declined in number as well. The loss of these households correlates with the decline in families with children and in school enrollment in the Sedona area. The decline in population has significant financial impacts for local governments including a potential decrease in state shared revenues which typically comprise a significant portion of community revenue.

Tenure By Age of Householder 2010 - 2019			
Tenure and Age of Householder	Sedona		
	2010	2019	Change
Total Households	5,307	5,542	235
Owner Occupied:	3,660	4,262	602
15 to 24 years	-	8	8
25 to 34 years	53	17	(36)
35 to 44 years	217	247	30
45 to 54 years	608	494	(114)
55 to 59 years	687	569	(118)
60 to 64 years	526	455	(71)
65 to 74 years	866	1,500	634
75 to 84 years	514	578	64
85 years +	189	394	205
Renter Occupied:	1,647	1,280	(367)
15 to 24 years	34	51	17
25 to 34 years	340	97	(243)
35 to 44 years	366	351	(15)
45 to 54 years	322	157	(165)
55 to 59 years	190	170	(20)
60 to 64 years	79	163	84
65 to 74 years	265	269	4
75 to 84 years	11	22	11
85 years +	40	-	(40)
Sources: ACS 2010 and 2019 5-Year Estimates			

Beyond the change in the character and mix of Sedona's population due to the proliferation of units and the number/density of STRs in certain neighborhoods, Sedona has heard many complaints from permanent residents about what is perceived as commercial business activity in residential neighborhoods which leads to the loss in the character of the neighborhoods. People don't know their neighbors anymore which ultimately damages the fabric of the city. RVs have been placed on vacant lots and advertised on STR websites. Some of the new home construction activity has involved large buildings with eight to ten bedrooms, bunk rooms, and large outdoor entertaining areas often without the appropriate number of parking spaces. These miniature hotels are not meeting building and safety standards normally imposed on hotels. The City's small staff has been strained in its enforcement efforts of building activity and complaints.

Sedona is just one tourist-oriented, rural community that has had to deal with the consequences of the STR industry and the inability to regulate the rentals. The number of

STRs in Sedona relative to the total housing inventory, estimated between 10% and 17%, is excessive and well beyond what is found in the urban parts of Arizona. Unless there is some way for communities similar to Sedona to deal with STRs, absentee owners and investors will continue to build and/or convert units from long-term to short-term rentals.

Page, Arizona

Page is situated in an isolated area of northeastern Arizona, surrounded by the Navajo Nation reservation. The city was established in 1957 as the camp site for workers and their families during construction of the Glen Canyon Dam. Since that time, the community has transitioned to a tourist economy as the gateway to Lake Powell and other natural sites such as Antelope Canyon and Horseshoe Bend on the Colorado River. Page attracts an estimated 3 million visitors a year.

According to AirDNA in January 2021, there were an estimated 358 active STRs in the city representing 12.6% of the community’s 2,840 housing units. Due to its isolated area, housing is at a premium for its workforce. The existing housing market is facing increased demand for both temporary and permanent lodging for service industry employees. The hotel industry has grown significantly with an increase of 860 rooms since 2012. At the same time, the vacation rental market has also grown limiting housing opportunities for workers. The city notes that even with the growth of the hospitality industry, few of the new service sector workers have resulted in an increase in the permanent population of Page. The city is now attempting to attract housing developers to the city to expand its permanent housing supply.

Impacts of the Short-Term Rental Industry

1. Adverse Impacts to Residential Neighborhoods by Circumvention of Zoning Laws

Zoning is the bedrock foundation of local government land use control. It helps to establish the character of a community in accordance with local desires and protects property values by separating uses that may be incompatible. It also provides certainty for those that are living in the community that they are protected from the intrusion of unsuitable uses. Zoning is, and always has been under local control, subject to certain standards and conditions delegated by the state.

The potential for negative impacts of STRs on a community’s neighborhoods is a primary consideration that led to zoning regulations that banned STRs in residential areas. The inability of local jurisdictions to regulate short-term rentals due to statewide bans on regulation usurps that local authority’s right to respond to citizen voices that determine the character of its community and to protect the property rights of its residents. At the very least, the STR issue should be subject to debate and input among all levels of government.

One of the primary negative consequences of STRs continually faced by local communities and residents is the circumvention of zoning laws – the use of a home or housing unit as a commercial transient lodging business in a residential neighborhood and the consequences that flow from it. In Arizona, this problem is at the most extreme because current state law does not allow local governments to treat STRs as commercial activities for zoning purposes, or to engage in proactive measures to mitigate the impacts of STRs on neighborhoods. This is particularly an issue resulting from absentee owners who rent their properties out to short-term visitors who may not respect the surrounding neighborhood from the standpoint of noise, parking congestion, and other externalities. There are even examples of Airbnb hosts who rent units on long term leases, then sublease their units to short-term travelers. Through this arrangement, the ultimate property owner is shielded from the externalities that are imposed on neighbors. Complaints are often made to local authorities who have little or no ability to deal with the issue.

Homeownership is one of the foundations of the American way of life that separates us from other countries. It provides stability to our communities and creates wealth. Anything that threatens the ability of citizens to reap the expected benefits of their primary residence – a cornerstone of the “American Dream” – should be carefully considered and appropriately balanced.

While we cannot find any empirical studies on the impact of STRs on neighborhood desirability and property values in Arizona, in theory, a prospective buyer of a home located adjacent to or

near an unregulated STR unit would likely offer a reduced price for the home or cancel the purchase outright. The end result is declining property values for owner-occupied homes, while STR investment homes enjoy distorted valuations as commercial investment assets. The inability to regulate STRs at the local level is bad economic policy that, among other problems, eventually could cause a decline in homeownership rates, neighborhood stability, population, and school enrollment. States with STR-leaning laws, such as Arizona, may likely find themselves at a competitive disadvantage to retain and attract people who desire to live in stable and safe neighborhoods. This is particularly a problem in Arizona’s tourism-dependent communities.

2. Rising Housing Costs and Loss of Long-Term Rental Units

Communities across the country have experienced the conversion of traditional rental units and owner-occupied homes to short-term rentals. The result is a decline in the available housing supply often impacting residents who depend on affordable housing for shelter. While large cities and metro areas may be able to absorb some of the loss of units to STRs, the result in smaller towns is quite different, affecting the fabric and character of neighborhoods and whole communities. School districts in some of these communities are faced with declining enrollments as families are forced from their rental homes and must search for housing farther from their place of work.

The most significant and best-documented cost of the short-term rental industry is the reduced supply of housing as properties are converted from long-term occupancy to short-term occupancy for travelers. The outcome is that housing prices rise as units are bid up in price by STR investors. Over the past few years, housing affordability has become a significant issue across the U.S., causing economic stress for moderate and lower-income households. Since demand for housing is inelastic, households have little ability to forgo housing when it becomes more expensive. And even small changes in the supply can cause housing prices to rise.

A number of empirical studies have evaluated the impact of Airbnb on the long-term housing supply and prices in major cities.⁵ These studies include:

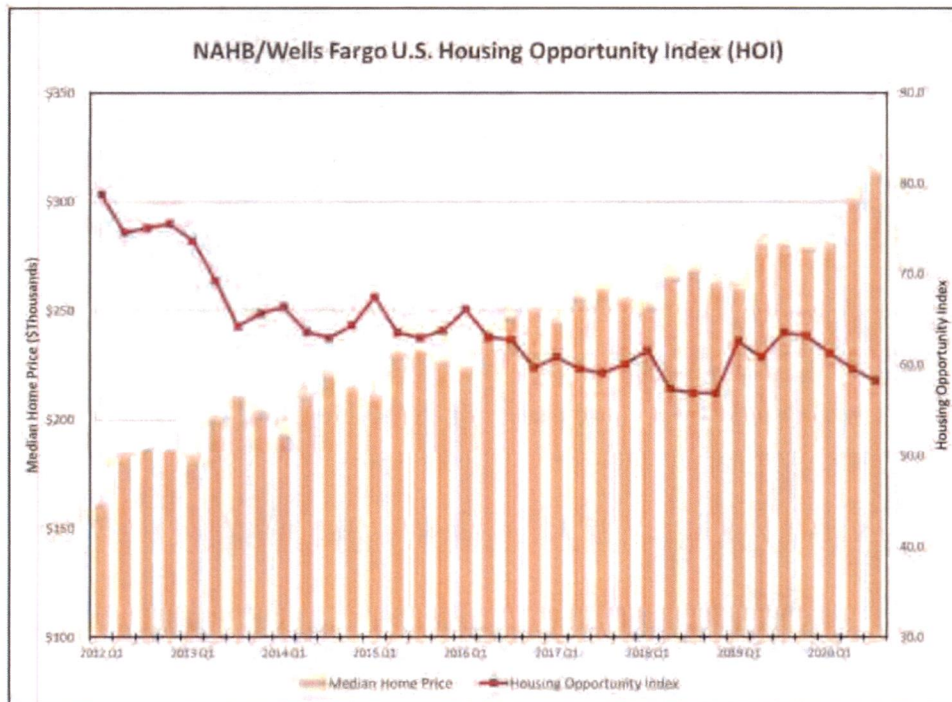
- A study of Airbnb’s growth in Boston estimated that asking rents for long-term rentals between 2015 and 2019 would increase as much as \$178 per month if short-term rental growth continued. In addition, the authors forecasted that an increase of 12 Airbnb listings within a single census tract correlated with a 5.9% decrease in the number of rental units offered for rent.
- A study conducted in New York City suggested that a doubling of Airbnb activity in a small geographic area was associated with a 6 to 11 percent increase in home sales prices.

- A further study of the large increase in Airbnb rentals in New York City found that it contributed to a 1.4% increase in rents from 2015 through 2017, implying a \$384 annual increase in rents.

Particularly for New York City, the availability of affordable housing is at crisis levels. The influx of Airbnb rentals is aggravating housing conditions even more. The City is also concerned about the safety risks of transforming homes and apartments into illegal hotels.

Cities that have strong tourism economies have seen a dramatic increase in the growth of STRs. New Orleans, with its year-round festivals and events, is another city that has experienced an affordable housing shortage as investors bought up homes for short-term rentals. In some areas of the city, entire blocks have been converted into units for tourist. In 2018 there were 4,319 whole-unit Airbnb listings in the city, more than double the 1,764 units in 2015. Neighborhoods with the highest concentration of units saw increasing rents, rising property tax bills, and the removal of longtime residents from their residences. The result is a reduction in the number of available rental units.⁶

Over the past five years during the recovery from the Great Recession, housing affordability has evolved into a significant issue for households earning at or below the median income. For instance, the NAHB/Wells Fargo Housing Opportunity Index (HOI) is defined as the share of homes sold in the U.S. that would have been affordable to a family earning the median income, based on standard mortgage underwriting criteria. For the third quarter of 2020, 58.3% of new and existing homes sold between the beginning of July and end of September were affordable to families earning an adjusted U.S. median income of \$72,900. This is down from the 59.6 percent of homes sold in the second quarter of 2020 that were affordable to median-income earners and the lowest reading since the fourth quarter of 2018. Since 2012, the HOI has been on a downward trend although it rose slightly since 2019 due to historically low interest rates.



For individual cities, the loss of housing units due to their conversion to short-term rentals has exacerbated the problem.

3. The Net Economic Benefits of STRs are Questionable and Grossly Overstated in STR Studies

Research reports reveal that much of the economic activity generated by Airbnb would have occurred in any case in the absence of Airbnb units, likely by the guests staying in traditional hotels. By comparison, the STR platforms would like the public to believe that they are independently generating travel that would not have otherwise occurred.

The STR platforms have produced a variety of studies that are intended to show the positive economic impact of the STR industry. One of the most noted report is "Airbnb's Global Support to Local Economies: Output and Employment" prepared by NERA Economic Consulting in 2017. The report focused on the impact of Airbnb on the 200 cities across the globe that had the largest number of STR stays. In summary, NERA estimates that Airbnb supported about 730,000 jobs in the 200 cities and supported more than \$60 billion in output. The U.S. accounted for approximately \$14 billion of the global output and 130,000 jobs. These estimates include not only the amount a tourist might spend to rent the STR (which is considered income to the host), but also spending on food, retail goods, local transportation, entertainment, and other normal expenditures made during their visit.

In summary, the methodology used by NERA is flawed and fails to consider that virtually all the money spent by Airbnb visitors is money that likely would have been spent elsewhere if Airbnb had not existed. The possibility that Airbnb visitors would still have visited a city even if Airbnb units were unavailable is completely excluded from the NERA analysis. Empirical research, by comparison, finds that Airbnb and traditional hotels are seen as potential substitutes by travelers. A study of Airbnb's entry into Texas found that it had a negative impact on hotel room revenue in 2017.⁷

A further survey of Airbnb users showed that only 2% of Airbnb users would not have taken the trip except for the ability to rent an Airbnb unit. The remaining 98% felt they would have made the trip but stayed in other lodging accommodations. A survey by Morgan Stanley suggests that between 2% and 4% of Airbnb guests would not have taken their trip but for the presence of Airbnb. And roughly 75% of Airbnb guests indicated Airbnb was a substitute for a hotel.

The above research suggest that the NERA study overstates the economic impact of Airbnb by somewhere between 96% and 98%.

A similar economic impact study of the San Diego STR market prepared by the National University System Institute for Policy Research (NUSIPR) used a similar methodology as NERA. NUSIPR estimated the number of short-term rentals in 2015 at more than 6,000 with an economic impact of 1,842 jobs and \$285 million in economic output. However, the study assumed that all STR rental income and additional visitor spending was directly attributable to the STR industry without consideration that the tourist spending would likely have occurred in any case if STR units were not available.⁸

In summary, economic studies prepared for Airbnb and the STR industry overstate the impact of the short-term rental market on the local economy without consideration that a variety of optional accommodations are available. They also overlook the fact that many STRs are illegal in the eyes of regulatory authorities and may not be paying bed and other taxes required of the hotel industry.

4. Local Government Taxation Problems

One of the most important considerations in the regulation of STRs is the fiscal impact on state and city revenues. Bed or lodging taxes are significant sources of revenue for many communities. This is true, for example, for the Town of Paradise Valley which does not have a local property tax, and typically generates around 40% of its revenue from tax collections from its hotels and resorts. In Sedona, approximately 34% of the city's general fund operating revenue comes from hotel sales taxes and bed taxes. The reduction in hotel tax revenues due to the influx of STR

units, many of which may not be properly licensed or paying sales and bed taxes, could have long term financial impacts for these tourism-oriented communities.

Airbnb has consistently attempted to avoid the payment of lodging taxes by arguing that it is a platform that does not operate a lodging business. In its efforts to demonstrate that it wants to help local governments to collect taxes, it has entered into what are referred to as VCAs – Voluntary Collection Agreements – with state and local jurisdictions. A report entitled “Airbnb Agreements with State and Local Tax Agencies” prepared by Dan R. Bucks for the American Hotel and Lodging Association⁹ outlines a number of problems with these agreements that include unjustified favoritism for Airbnb and its hosts. The agreements also typically violate standards for transparency in tax collection. The conclusions of the report are summarized as follows.

- The Airbnb VCA agreements do not guarantee accountability for the proper payment of lodging taxes because tax agencies cede substantial control of the payment and audit processes to Airbnb. The agreements provide a shield of secrecy for lodging operators that prevents their discovery by public agencies and creates a de facto tax and regulatory haven for those operators. Essentially, tax agencies are not able to audit the lodging operators or hosts because Airbnb will not identify the names and addresses of the hosts. That secrecy is most valuable for the commercial-style lodging operators who now fuel Airbnb’s growth, but that are also most likely to violate zoning and housing laws. Thus, the agreements facilitate unimpeded and often illegal conversions of residential property into commercial-style lodging facilities. Tax agencies signing these agreements enable this process.
- SB 1350 enacted by the Arizona legislature in 2016 is specifically cited in the report as an example of laws that limit the effectiveness of tax compliance. The law (1) severely narrows the grounds on which local governments can regulate short-term rentals, (2) allows online marketplaces to collect and pay taxes for the lodging operators, but only in returns that do not identify the lodging operators, and (3) exempts the returns submitted from a major portion of information exchange laws. The latter includes prohibiting information sharing with local governments, other Arizona state agencies, other state governments and the Internal Revenue Service. For the limited disclosure that is allowed, the online marketplace must give written consent to the disclosure.

The report concludes that tax agencies should seek legislation updating lodging laws to require registration, reporting, and collection and payment by online booking companies and lodging operators with a single payment process. At the very least, legislation should be enacted to

require online booking companies to provide the names and addresses of lodging operators to tax agencies.

5. Adverse Impacts of STRs on Jobs and the Hotel Market

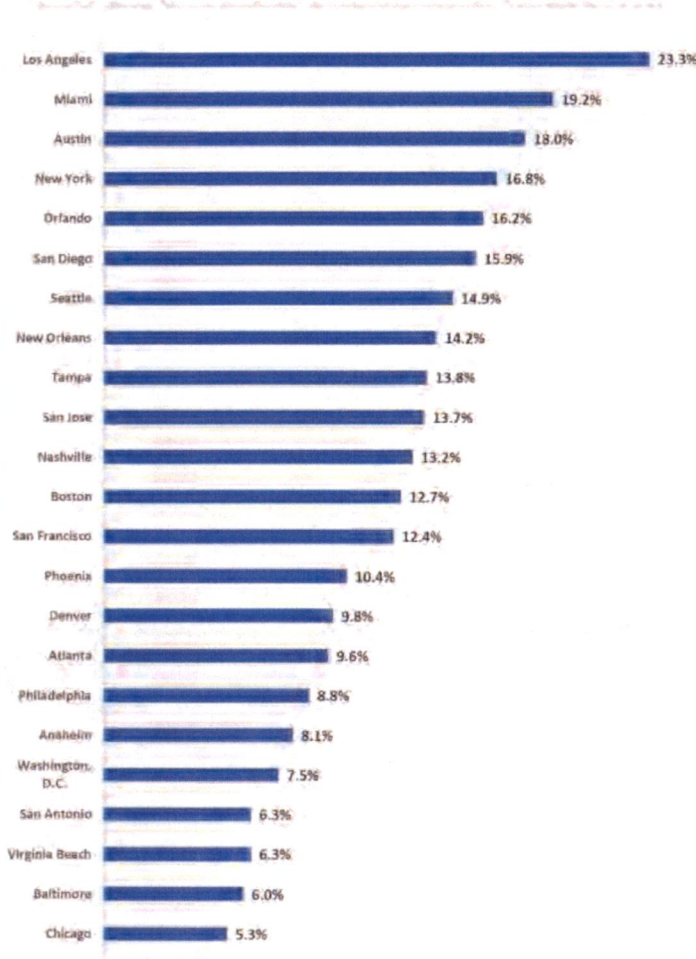
In 2019, STRs accounted for more than 10% of the traditional U.S. hotel room inventory according to a report by CBRE Research released in 2020.¹⁰ Absent the COVID-19 pandemic, the STR inventory was expected to reach a 12.2% penetration rate of the hotel market in 2020 with the addition of 100,000 new units. While the traditional hotel industry has always been highly competitive, STRs are often operating at an unfair advantage due to the lack of oversight and regulation at the state and local level including building and safety standards, tax collection, and local zoning issues. In addition, STRs do not need to pay staff and are not regulated like hotels which comparatively increases hotel costs substantially. Over the long-term, this will result in a loss of jobs in the tourism/hotel industry that are not directly replaced by the STR industry. Many STRs do not charge tourist bed taxes which further deepens the unequal competition. Without regulation, the STRs industry will continue to have preferential, unfair treatment relative to the hotel sector over the long term.

The impact of the shift of occupancy from hotels to STRs means a less reliable source of revenue for state and local governments. This impact evolves from the inability of state and local governments to depend upon verifiable revenue from STRs platforms. Through its agreements with state and local governments, Airbnb has been awarded preferential treatment on the collection of lodging taxes, a significant benefit that is not bestowed upon traditional hotels.

The hotel markets in the U.S. that are most penetrated by STR units are in traditional leisure and destination areas that include Los Angeles, Miami, Austin, New York, and Orlando. All these metro areas have an STR inventory relative to the hotel room supply that ranges from 16% to 22%. In Phoenix, the STR market represents 10.4% of the total hotel room supply. However, between 2018 and 2019, Phoenix had the second highest growth rate in STR units at 44.4%. Only Atlanta, which benefitted from the 2019 Super Bowl, had a faster growth rate.

The CBRE report suggests that the traditional hotel industry has not experienced growth in average daily rates (ADR) since 2016 (adjusted for inflation), despite record occupancy levels. The growth of STR units and increase in the supply of hotel rooms has restricted increases in ADR. The unregulated and unrestricted growth of STR units is placing pressure on the hotel industry which ultimately could affect a more reliable and consistent revenue source for state and local governments as well as a negative impact on employment in the industry.

2019 STR Rental Unit Penetration to Hotel Supply



Sources: AirDNA, CBRE Hotels Research 2019

The rapid growth of STRs in unregulated and illegal locations in the end will affect the hotel industry and the collection of taxes by local jurisdictions that would normally be paid for by hotel operators. The unfair competitive advantages of STRs relative to the hotel industry include:

- Lower operating costs since STRs do not pay commercial property tax rates in Arizona if located in residentially zoned areas,
- Limited or no regulation of safety or building requirements, and
- Limited or no staff to hire, train, and pay.

Some of the costs of STRs are also externalized to local governments to enforce and monitor unruly behavior of guests and other complaints from neighbors, a role traditionally supplied by hotels and their trained staff members.

6. The Growth of Multi-Unit Hosts

The reason that tax collection and reporting from STR platforms is so important is the growth of multi-unit owners. These absentee owners are often the primary target of complaints by neighbors in residential areas because they are not present on the site of the STR unit to control activity on the property. A report released by CBRE in 2017 outlines how Airbnb is expanding primarily by the growth of multi-unit operators and how they are a key component of Airbnb's revenue. The VCAs outlined in the previous section shield these owners from tax audits by state and local governments.¹¹

The CBRE study evaluated revenue trends for the U.S. and the top 13 Airbnb markets in the country in 2016. Those hosts with two or more entire-home units (either a single-family home, condo, or apartment) accounted for only 7.1% of the total hosts and 20.5% of total Airbnb units, but generated 32.1% of Airbnb's \$5.7 billion in revenue. Hosts with ten or more properties generated one quarter of all multi-unit host revenue in the 13 metro areas studied.

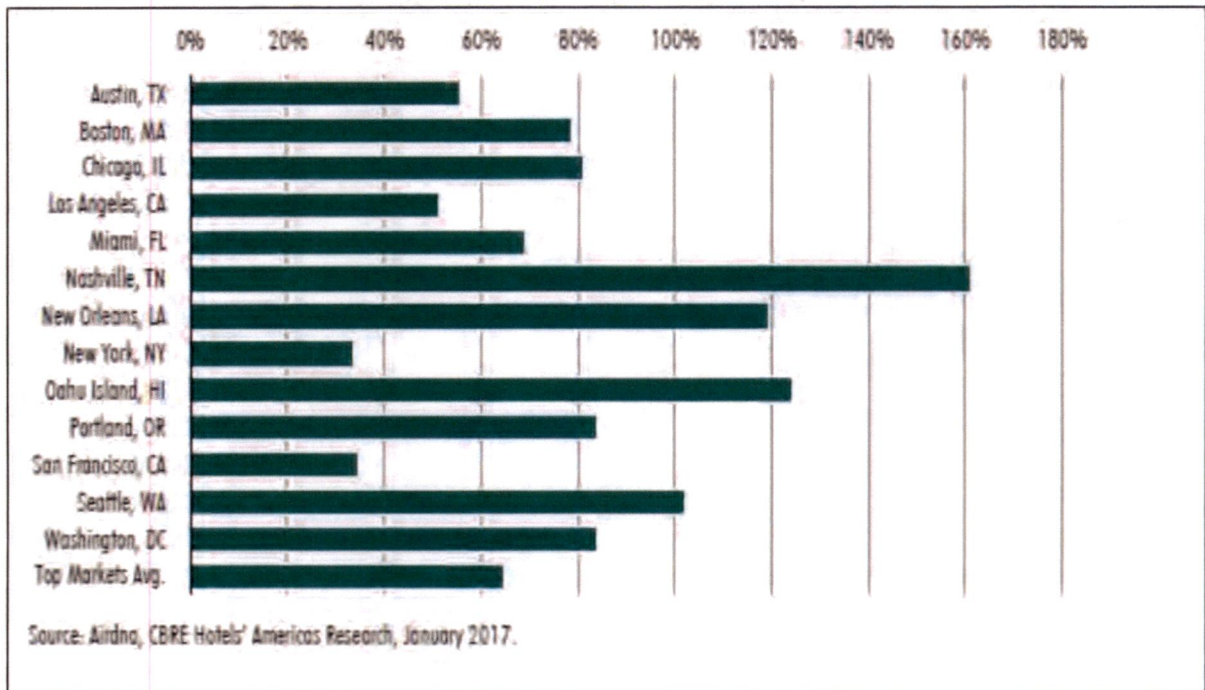
Airbnb U.S. Performance October 2015 - September 2016										
Type	Host Units	Annual Totals			% of Entire-Home Rentals			% of Total		
		Hosts	Units	Revenue	Host	Units	Revenue	Host	Units	Revenue
Entire-Home	1	236,413	258,133	\$2,787,695,396	88.9%	66.1%	60.4%	56.8%	40.0%	49.0%
Entire-Home	2+	29,381	132,224	\$1,828,166,706	11.1%	33.9%	39.6%	7.1%	20.5%	32.1%
Entire-Home	Total	265,794	390,357	\$4,615,862,102	100.0%	100.0%	100.0%	63.9%	60.5%	81.1%
All Other		150,321	254,493	\$1,074,193,112				36.1%	39.5%	18.9%
Market Total ¹		416,115	644,850	\$5,690,055,214				100.0%	100.0%	100.0%

Sources: Airdna, CBRE Hotels' Americas Research, January 2017

¹ Includes all Airbnb rentals including entire homes, private rooms, shared rooms, unique properties, and units with a minimum stay requirement of 30 days or more.

Of the 13 top markets for Airbnb, all realized an increase in the total number of units managed by multi-unit hosts. Four markets had a year-over-year growth rated above 100% including some of the primarily leisure and vacation markets in the country - Nashville, Oahu, and New Orleans.

Airbnb Multi-Unit Hosts Unit Growth by City 2015-2016



A report entitled “From Air Mattresses to Unregulated Business: An Analysis of the Other Side of Airbnb” estimated in 2016 that 40.8% of the Airbnb revenue generated in Greater Phoenix came from multi-unit hosts who represented only 14.7% of the total host count. While the data is now dated, it is suspected that multi-unit host operators have expanded significantly since 2016.

The CBRE study verifies the fact that Airbnb and other STR platforms have transitioned from a pure home sharing model to a business venture for persons who own multiple units. In many cases, these multi-owned units are managed by a single entity and often situated in residential areas where there is little oversight and monitoring of on-site activities. Most of the complaints received by local governments about STRs evolve from these units that are essentially commercial operations. From a tax standpoint, they may be avoiding taxes normally paid by traditional hotels. Under the cover of Airbnb’s VCA, there is little way in which these operations can be audited.

A further example of the expansion of multi-unit hosts/operators using STR platforms to generate business is the master lease model. Several companies have used this model in which they lease a block of apartment units from a landlord, typically on a long-term lease of five years or so, then furnish and manage the units for short-term stays. The model depends once again on the conversion of traditional long-term rental units into short-term modified hotel operations. This affects not only the supply of apartment units available in the community but the hotel industry

as well by expanding the supply of short-term guest units. Cities will need to evaluate how short-term rentals in apartment buildings are regulated, the impact on the supply of rental units, the payment of hotel taxes, and any zoning or building safety code violations.

Regulatory Efforts of Local Governments

Cities and towns across the country have attempted to regulate short-term rentals since the inception of the STR platforms. These efforts are noted for their contrast to the current Arizona model, which generally does not allow for local oversight or enforcement. Most efforts have been met with lobbying of elected officials on the benefits of STRs - and then lawsuits if and when lobbying efforts fail.

New Orleans

New Orleans has had a long running battle with Airbnb to preserve its owner-occupied and renter housing stock from conversion to STRs. It forged an agreement with Airbnb in 2016 to legalize STRs, ban illegal listings, provide sharing of names and addresses of hosts, and create an online system that registers hosts with the city. However, the surge in STR conversions continued primarily by out-of-town owners. Approximately 11% of operators owned 42% of the city’s STRs. However, Airbnb did not provide an adequate registration system and did not provide information on the hosts and owners. Eventually the registration system was disabled, and Airbnb was accused of deliberately hiding data and not cooperating with the city.¹²

Later in 2019, the New Orleans City Council decided to ban whole-home rentals in residential neighborhoods due to the disruption caused by party houses and the reduction in the available housing stock for long-term occupants. The City created two categories of permitted STRs: (1) units in residential areas where an owner-occupant could, with a permit rent out up to three units on the property and (2) in commercial areas (usually condos and apartments) where up to 25% of the units on the property could be rented. The ordinance also bans STRs in the French Quarter.¹³

In the end, Airbnb criticized the new rules but pledged to work on their implementation. The new restrictions are supposed to be enforced by the STR platforms to remove listings that violate city rules. The city is also raising taxes on STRs, part of which will be used for enforcement efforts. At the end of 2019 when the ordinance went into effect, there were an estimated 8,500 STRS in the city but only 2,500 registered with the city.

San Diego

San Diego has had a long history of short-term rentals primarily available within its beach neighborhoods. Because of that history, the short-term rental market does contribute to the local economy and provide income for property owners, many of whom are absentee owners. However, the proliferation of units throughout the city, now totaling close to

13,000, has caused the city to consider a new set of regulations. Under a proposal approved by the city planning commission in December 2020, the number of absentee-owners renting units for less than 30 days would be capped at 6,500 including a carve-out for 1,100 units in the Mission Beach neighborhood. The cap represents 1% of the city’s housing inventory. Expedia, which owns VRBO, supports the regulations. The hotel worker’s labor union lobbied for a lower cap on STRs. Airbnb did not comment on the regulations but did advocated for a 1.2% cap on units.

This represents an about-face for Airbnb which funded a referendum to overturn San Diego’s STR regulations in 2018 to ban short-term rentals that were not the owner’s primary residence. Faced with nearly twice the number of signatures needed to force a city-wide vote, the city council rescinded the ordinance. At the time, Airbnb’s position was that the ordinance “would have devastated the local economy, impacted property rights in every San Diego neighborhood, and cost the city millions annually in tax revenue.”¹⁴ As noted earlier in this report, Airbnb’s economic impact studies significantly overstate the true impact of the STR industry.

Nashville

With a significant tourism economy, Nashville saw an explosion of STRs across the city. The city was faced with illegal STRs that exceeded more than 4,500 units on STR platforms. In 2017 based on neighborhood complaints, the city considered prohibiting non-owner-occupied homes used for STRs referred to as mini-hotels. Nashville subsequently passed a law in early 2018 phasing out STRs that aren’t occupied by their owners. These properties would be required to cease doing business in June 2020. At the same time, Airbnb was lobbying the state legislature to ban local restrictions on STRs, spending between \$225,000 and \$350,000 on this effort. In early 2018, Airbnb signed a VCA with the state of Tennessee that requires Airbnb to collect the 7% state sales tax on its bookings, but not the 5% Nashville occupancy tax. It was shortly thereafter that Nashville passed the STR ordinance prohibiting mini-hotels.¹⁵

Airbnb subsequently formed a political action committee called the Committee to Expand Middle Class by Airbnb and started to donate funds to state legislators. A bill was introduced specifying that STRs should not be considered hotels under state law. It also included a provision stripping cities of the power to ban existing STRs and grandfathers in non-owner-occupied STRs. The bill passed in April 2018.

The Tennessee state law preempts the Nashville regulations passed in February 2018. Nashville had taken a reasoned approach to STR regulation by allowing STRs in multifamily

or mixed-use areas plus permitting STRs that are occupied by their owners. STRs in residential areas owned by absentee owners would have been banned due to their negative impacts on neighborhoods. Another 27 cities in Tennessee also had rules that prohibited non-owner-occupied STRs in residential areas. Those local rules are now preempted as well.

The Nashville example demonstrates the lengths to which Airbnb will go to eliminate restrictions on STRs. Because Airbnb will not collect the city’s occupancy tax, Nashville must now develop a system to identify STR addresses and hosts. In addition, Nashville was faced with illegal STRs and growing concern from citizens. Over 4,500 STRs were listed on 60 active websites. Due to staffing limitations, a consulting firm was retained to develop software solutions. As a result, more than \$2.8 million in STR revenue was collected in the first year.

Austin

Austin has been at the forefront of the STR issue in Texas for several years. It revamped its STR ordinances in 2016 by creating three types of STRs.

- Type 1: An owner-occupied residence (owner living on-site a minimum of 51% of the year) including the rental of an entire unit or part of the unit.
- Type 2: A non-owner-occupied unit including single family and duplex units in a residential zoning district.
- Type 3: A non-owner-occupied unit that is part of an apartment or condo property in a commercial district.

The ordinance prohibited the issuance of new Type 2 STR licenses and discontinued existing Type 2 STRs in residential neighborhoods by April 2022. The city ordinance also established STR occupancy limits, regulations on sound equipment, regulations of live music, a prohibition on outdoor assemblies after 10 p.m., and restricted the density of Type 2 STR units in neighborhoods.

In 2019, the city had 10,000 STRs advertised on websites, but only 2,500 had licenses to operate. Of 1,312 complaints in 2019, citations were issued to 581 properties, 93% of which were unlicensed. City enforcement primarily focused on complaints but finding and tracking down thousands of illegal STRs was well beyond city resources. The city hired a consulting firm to identify those unregistered STRs.¹⁶

In 2016, a number of STR property owners sued the City of Austin, claiming that the regulations were unconstitutional. In November of 2017, the trial court sided with the

City and upheld the city’s STR ordinance, but the issue was appealed. In 2018, the Texas Attorney General intervened in the lawsuit in support of the STR owners stating that “city governments do not have the authority to trample Texas constitutional rights and protections for property owners and their guests.”

In November 2019 the Third Court of Appeals ruled that Austin’s provision banning non-owner-occupied Type 2 STRs was void because of the effect on property rights. The opinion also stated that people have the right of assembly on private property, voiding addition provisions of the city ordinance. The case is now on appeal to the Texas Supreme Court.

The involvement of the Attorney General indicates there are political undertones to the STR issue. The dispute is grounded in the competing rights of STR owners, STR tenants, online platforms, government regulators, and neighboring owners. The primary question is whether the right to rent property on a short-term basis is a fundamental privilege of private property ownership. The outcome will establish the guidelines between the rights of a few to infringe on the property rights of the majority and the rights of local governments to maintain the character of their communities.¹⁷

Summary

The efforts of the above communities to regulate short-term rentals illustrate the range of issues that STR platforms have imposed upon state and local governments. While these issues exist everywhere STRs do business, their impacts are pronounced in Arizona, where state-law disables local communities from using traditional measures such as zoning to prevent and deal with these adverse consequences. These issues include many complex and controversial matters such as local control over land uses, private property rights and citizen expectations for safe, quiet, and peaceful neighborhoods, building and safety requirements, tax collection, and equity in the treatment of hotel operators. Each city has its own individual issues, but the one that stands out the most is each city’s attempt to protect residential neighborhoods from the intrusion of non-owner-occupied STRs and multi-unit owners operating as miniature hotel chains.

Appendix

Letter from Arizona mayors to Airbnb and Expedia Group CEOs

December 9, 2020

By Federal Express & Email

Mr. Brian Chesky
CEO, Airbnb, Inc.
888 Brannan Street
San Francisco, CA 94103
brian.chesky@airbnb.com

Mr. Peter M. Kern
CEO, Expedia Group, Inc.
1111 Expedia Group Way West
Seattle, WA 98119
pekern@expediagroup.com

Dear Messrs. Chesky and Kern,

As you know, Arizona's state law SB1350 gutted local authority over short-term rentals in Arizona, including the local zoning and enforcement authority that traditionally applied to such activities. We, the undersigned mayors of cities and towns across the great State of Arizona, are taking the unusual step today of sending this letter to ask that you immediately end lobbying activities designed to prevent reform of this disastrous state law which your industry promoted.

All of us can provide examples of how SB1350 is causing serious harm to our citizens and neighborhoods, and we are deeply concerned that short-term rentals operating without appropriate local government oversight are causing long-term damage to our communities and the entire state.

Brian Chesky recently admitted that "We really need to think through our impact on cities and communities." Thank you, Mr. Chesky, we agree. But your industry's actions in Arizona are inconsistent with this stated concern.

There is no question that Arizona's SB1350 weakens our communities and has left us defenseless in the face of harmful and undesirable activities. Specifically:

- Once peaceful neighborhoods suffer from unsupervised groups coming in and out for daily stays, which include unruly, disruptive and noisy large gatherings;
- Neighborhoods are experiencing dangerous criminal activity from short-term rental properties, including shootings, sexual and physical assaults, and the use of short-term rental properties as locations and staging places for other criminal activity (over the summer, looting and rioting);
- Affordable housing stocks are being gobbled up by investors who are focused on short-term commercial uses of their properties, rather than neighborhood stability and prosperity;

- Hotels and resorts, which provide jobs for our citizens and a tax base for our communities, face unfair competition under the current Arizona law while they follow a different, more responsible, set of rules.
- As bars and restaurants have been in limited service during the pandemic, short-term rentals have emerged as alternative venues. Many have hosted unsafe and unwelcome parties for hundreds of people during the closures. Cleaning standards are not uniform, if there is recommended cleaning at all, and there typically are no responsible owners present;
- The State of Arizona doesn't have the interest to monitor and identify short-term rental "hosts." Local communities experience hosts avoiding required local registration, platform fees, and taxes by booking "off-line." Local government cannot currently partner with you effectively on this mutual issue;
- Some communities have seen over half of citizen police calls relate to problems with short-term rentals. This is a direct result of our local communities' inability to enact and enforce responsible regulations.

These are just a few of the issues our communities are confronting with no relief in sight under current state law. Earlier this year, bipartisan state legislation that would have substantially returned appropriate authority and effective tools to local communities was advancing through the state legislature with our support. The legislation did not impose bans on short-term rentals, but rather restored to local governments the longstanding right and ability to protect residential neighborhoods. As you know, this is the way things work across the nation, except for Arizona. Unfortunately, the COVID-19 pandemic forced the state legislature out of session before the broadly supported bill could become law.

Your companies have actively and cynically opposed needed reform through public relations and paid lobbying efforts. Your support of Arizona's SB1350 is tearing at the fabric of our communities and is an affront to every Arizona homeowner who aspires to the "American Dream" of peaceful homeownership. The time has come for you to get on the right side of this issue and recognize that supporting our neighborhoods is also in your long-term economic interests and the long-term interests of your investors.

Your current Arizona business model is unsustainable. Until the law returns local control of short-term rentals to locally accountable elected officials, the demand from our citizens for reform will continue to amplify and become a business disruption that cannot be ignored, perhaps with unintended consequences for your companies' larger aspirations.

We believe there are ways for short-term rentals to compatibly and successfully operate in a variety of settings. We also believe that allowing local leaders to manage activities in their communities is the wise and business-savvy approach to creating a sustainable short-term rental industry. All we ask is that you end your efforts to block Arizona's needed return to local standards governing your activities in neighborhood areas.

Thank you for your attention.

Sincerely,

Scott Anderson
Mayor, Gilbert

Jerry Bien-Willner
Mayor, Town of Paradise Valley

Ginny Dickey
Mayor, Town of Fountain Hills

Coral Evans
Mayor, City of Flagstaff

John Giles
Mayor, City of Mesa

Stephanie Irwin
Mayor, Town of Pinetop-Lakeside

Georgia Lord
Mayor, City of Goodyear

Craig McFarland
Mayor, City of Casa Grande

Jen Miles
Mayor, City of Kingman

Frederick W. Mueller
Mayor, City of Sierra Vista

Eric Orsborn
Mayor, City of Buckeye

Mila Besich
Mayor, Town of Superior

Tom Brady
Mayor, Bullhead City

Tim Elinski
Mayor, City of Cottonwood

Kate Gallego
Mayor, City of Phoenix

Kevin Hartke
Mayor, City of Chandler

Mike LeVault
Mayor, Youngtown

Thomas McCauley
Mayor, City of Winslow

Greg Mengarelli
Mayor, City of Prescott

Tom Morrissey
Mayor, Town of Payson

Douglas J. Nicholls
Mayor, City of Yuma

David Ortega
Mayor-Elect, City of Scottsdale

Rui Pereira
Mayor, Town of Wickenburg

Micah Powell
Mayor, City of Eloy

Thomas L. Schoaf
Mayor, City of Litchfield Park

Bob Teso
Mayor, City of South Tucson

Kenneth Weise
Mayor, City of Avondale

Corey Woods
Mayor, City of Tempe

Les Peterson
Mayor, Town of Carefree

Regina Romero
Mayor, City of Tucson

Cal Sheehy
Mayor, Lake Havasu City

Anna Tovar
Mayor, Tolleson

Joe Winfield
Mayor, Town of Oro Valley

- cc: 1) Ms. Sara Garvin, VP – Global Communications and Corporate Brand, Expedia Group Inc.
- 2) Mr. Nick Wilkins, Director of Communications, Airbnb, Inc.

Endnotes

¹ CBRE Research. *Short-Term Rentals: A Maturing U.S. Market and Its Impact on Traditional Hotels*. 2020.

² Arizona’s law does permit a city or town to regulate STRs if the regulation is narrowly tailored to protect public health and safety for the purposes of fire and building codes, health and sanitation, transportation or traffic control, solid or hazardous waste, and pollution control.

³ HB 2672 passed in 2019 provided limited relief to cities and towns by requiring STR operators to (1) secure a sales tax license, (2) providing owner or owner’s designee contact information to local governments for responding to complaints, and (3) prohibiting STR owners from renting their properties for nonresidential purposes such as a special event or uses such as retail, restaurant, or banquet space. However, SB1350 still prohibits cities and towns from regulating the use of STRs particularly in residential neighborhoods and imposes a state-level enforcement regime.

⁴ Rosequist, Melissa. “Short-Term Rental Reforms Appear at Play at Arizona Legislature”. Daily Independent. December 31, 2019.

⁵ Bivens, Josh. *The Economic Costs and Benefits of Airbnb*. Economic Policy Institute. January 2019.

⁶ Adelson, Jeff. “Stricter Limits Will Hit New Orleans Short-Term Rentals After Council Vote; Here’s What to Know”. NOLA.com news article. August 8, 2019.

⁷ Bivens, Josh. *The Economic Costs and Benefits of Airbnb*. Economic Policy Institute. January 2019.

⁸ National University System Institute for Policy Research. *Short-Term Rentals in the City of San Diego: An Economic Impact Analysis*. October 2015.

⁹ Bucks, Dan R. *Airbnb Agreements with State and Local Tax Agencies: A Formula for Undermining Tax Fairness Transparency and the Rule of Law*. March 2017.

¹⁰ CBRE Research. *Short-Term Rentals: A Maturing U.S. Market and Its Impact on Traditional Hotels*. 2020.

¹¹ CBRE Hotels America Research. *Hosts with Multiple Units – A Key Driver of Airbnb Growth: A Comprehensive National Review Including a Spotlight on 13 U.S. Markets*. March 2017.

¹² Martineau, Paris. “Inside Airbnb’s ‘Guerilla War’ Against Local Governments”. WIRED.com. March 3, 2019.

¹³ Adelson, Jeff. “Stricter Limits Will Hit New Orleans Short-Term Rentals After Council Vote; Here’s What to Know”. NOLA.com news article. August 8, 2019.

¹⁴ Martineau, Paris. “Inside Airbnb’s ‘Guerilla War’ Against Local Governments”. WIRED.com. March 3, 2019.

¹⁵ Avalara MyLodgeTax Blog. “Nashville Votes to Phase Out Non-Owner-Occupied Short-Term Rentals”. February 9, 2018.

¹⁶ Sokolowsky, Jennifer. “New Data Helps Austin Crack Down on Illegal Short Term Rentals”. Avalara MyLodgeTax Blog. July 30, 2019.

¹⁷Badgett, Rebecca. Coates Cannon Blog. “Short Term Rental Regulations Found Unconstitutional in Texas: Renting is a Fundamental Privilege of Property Ownership”. UNC School of Government. April 7, 2020.

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Sheridan, Mike. “Short-Term Rentals and the Effects on Housing Affordability”. Urban Land. Urban Land Institute. October 21, 2019.

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Weisberg, Lori. “New Regulations Slashing San Diego Short-Term Rentals by 50 Percent Endorsed by Planning Commission”. San Diego Union Tribune. December 3, 2020.

Wilson, Trey. “3rd Court of Appeals: Austin’s Short Term Rental Ordinance Void”. Attorney Website Posting. December 9, 2017.

Brent Butler

From: Scott France <scott@sfrance.net>
Sent: Monday, February 17, 2025 12:14 PM
To: Brent Butler
Subject: Beacon interview request regarding short-term rentals

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Hello Brent,

My name is Scott France, and I have recently begun freelance reporting for the Jefferson County Beacon, focusing on city and county government.

The topic of my first article for the Beacon will be on the coming short term rental rules that the county is considering. This article will be mainly a status update, and I have much background material. However, I believe that the readers would benefit from your voice as a lead on this project -- perhaps speaking to the voluminous input you have received from various sides of this issue, and the county's perspective on the various arguments, and how rules could affect community/neighborhood health and culture, as well as the County's long-term economic progress and...and any other frames that you deem important.

I expect that you have a full plate, so I'll take whatever amount of time you may be able to carve out, whether it be by phone or in person at your convenience.

Thank you for your consideration,

Kind regards,

Scott France
971-255-2410

Brent Butler

From: Susie Learned <s.learned7@gmail.com>
Sent: Tuesday, February 18, 2025 7:05 PM
To: Planning Commission Desk; Brent Butler
Cc: Suzanne Learned
Subject: Allow STR to continue in Jefferson Co

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Dear Planning Commission Members,

I am writing to ask you to allow private land owners to continue with short term rentals. Our guesthouse studio is a vacation rental. We are retired and the income is helpful, we provide the county with taxes, and it is wonderful to welcome guests to Jefferson County in a more personal way. Please do not limit the number of STRs and please do not limit primary residency requirements.

Thank you so much,
Suzanne Learned
Seclusion Cottage
s.learned7@gmail.com

Brent Butler

From: Susie Learned <s.learned7@gmail.com>
Sent: Tuesday, February 18, 2025 7:05 PM
To: Planning Commission Desk; Brent Butler
Cc: Suzanne Learned
Subject: Allow STR to continue in Jefferson Co

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Dear Planning Commission Members,

I am writing to ask you to allow private land owners to continue with short term rentals. Our guesthouse studio is a vacation rental. We are retired and the income is helpful, we provide the county with taxes, and it is wonderful to welcome guests to Jefferson County in a more personal way. Please do not limit the number of STRs and please do not limit primary residency requirements.

Thank you so much,
Suzanne Learned
Seclusion Cottage
s.learned7@gmail.com

From: Tom Thiersch <tprosyst@gmail.com>
Sent: Sunday, July 21, 2024 10:56 AM
To: Brent Butler <BButler@co.jefferson.wa.us>
Cc: Josh Peters <JPeters@co.jefferson.wa.us>
Subject: SRT ordinance recommendation

ALERT: BE CAUTIOUS This email originated outside the organization. Do not open attachments or click on links if you are not expecting them.

Mr. Butler,

Thank you for the presentation regarding Short Term Rentals at the recent meeting of the Planning Commission.

This email is to ensure that my public comment regarding SRTs was heard and to elaborate on some finer points.

Specifically, I would like the Code to not have any exceptions for existing "hospitality" permit holders. That is, no "grandfathering". All hospitality permits, whether currently existing or newly issued, must be subject to **exactly** the same rules, regulations, and fees.

Existing permits would immediately fall under the mandatory health and safety inspection regime; no exceptions are acceptable because of the many current rentals that are outright dangerous and unfit for habitation.

Existing permit holders would have to re-apply for their permits within one year of the effective date of the new SRT ordinance; that is the only kind of "grace period" that should be allowed; to avoid any confusion, this sole exception would not have to be part of the SRT ordinance itself but could simply be stated in the enabling resolution to be acted upon by the BoCC. After the initial renewal, those permits would be subject to the same renewal schedule and conditions as all others.

Thank you for your efforts on this issue and for carefully considering all input from concerned property owners.

Tom Thiersch