



CITY OF BELLEVUE

In Partnership with the
University of Washington

TRANSIENT RENTALS ANALYSIS

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Livable City Year 2018–2019
in partnership with
City of Bellevue

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Livable City Year 2018–2019
in partnership with
City of Bellevue
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The LCY student team gives their final presentation to City of Bellevue staff on March 5, 2019. TERI THOMSON RANDALL

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ABOUT LIVABLE CITY YEAR

The University of Washington's Livable City Year (LCY) initiative is a partnership between the university and one local government for one academic year. The program engages UW faculty and students across a broad range of disciplines to work on city-defined projects that promote local sustainability and livability goals. Each year hundreds of students work on high-priority projects, creating momentum on real-world challenges while serving and learning from communities. Partner cities benefit directly from bold and applied ideas that propel fresh thinking, improve livability for residents, and invigorate city staff. Focus areas include environmental sustainability; economic viability; population health; and social equity, inclusion and access. The program's 2018–2019 partner is the City of Bellevue; this follows partnerships with the City of Tacoma (2017–2018) and the City of Auburn (2016–2017).

LCY is modeled after the University of Oregon's Sustainable City Year Program, and is a member of the Educational Partnerships for Innovation in Communities Network (EPIC-N), an international network of institutions that have successfully adopted this new model for community innovation and change. For more information, contact the program at uwlcyl@uw.edu.



ABOUT CITY OF BELLEVUE

Bellevue is the fifth largest city in Washington, with a population of more than 140,000. It's the high-tech and retail center of King County's Eastside, with more than 150,000 jobs and a skyline of gleaming high-rises. While business booms downtown, much of Bellevue retains a small-town feel, with thriving, woodsy neighborhoods and a vast network of green spaces, miles and miles of nature trails, public parks, and swim beaches. The community is known for its beautiful parks, top schools, and a vibrant economy. Bellevue is routinely ranked among the best mid-sized cities in the country.

The city spans more than 33 square miles between Lake Washington and Lake Sammamish and is a short drive from the Cascade Mountains. Bellevue prides itself on its diversity. Thirty-seven percent of its residents were born outside of the US and more than 50 percent of residents are people of color, making the city one of the most diverse in Washington state.

Bellevue is an emerging global city, home to some of the world's most innovative technology companies. It attracts top talent makers such as the University of Washington-Tsinghua University Global Innovation Exchange. Retail options abound in Bellevue and artists from around the country enter striking new works in the Bellwether arts festival. Bellevue's agrarian traditions are celebrated at popular seasonal fairs at the Kelsey Creek Farm Park.

Bellevue 2035, the City Council's 20-year vision for the city, outlines the city's commitment to its vision: "Bellevue welcomes the world. Our diversity is our strength. We embrace the future while respecting our past." Each project completed under the Livable City Year partnership ties to one of the plan's strategic areas and many directly support the three-year priorities identified by the council in 2018.



EXECUTIVE SUMMARY

Through the University of Washington Livable City Year (LCY) initiative, the University of Washington Bothell partnered with the Bellevue City Attorney's Office to explore regulatory options available to municipalities for short-term rentals (STRs). This study examines how other municipalities regulate STRs, short-term providers, and short-term operators. To understand jurisdictions' regulatory options outside of the City of Bellevue, this study focused on two geographical areas: municipalities within Washington State and municipalities across the United States. Municipalities included in the study across Washington State were Tacoma, Spokane, Renton, Bellingham, Kirkland, Walla Walla, and Port Townsend. Meanwhile, municipalities in the study across the United States were Bethesda, Maryland, New Orleans, Louisiana, St. Louis, Missouri, and Fairfax County, Virginia. City officials from these areas were interviewed about the frameworks used to understand the scope and nature of the issues posed by STRs and their regulation in their jurisdictions. Moreover, interviewees shared the successes and challenges of regulating STRs within their jurisdiction. Lastly, each interviewee offered advice on regulating STRs. Qualitative analysis identified themes across cases and these themes were synthesized. Within Washington State, analysis revealed five themes: life safety, complaints, community response, advice, and revenue. Meanwhile, analysis on municipalities across the United States revealed four themes: socio-political factors, shared economy, cultural preservation, and difficulty with enforcing permits and licenses.



To understand regulatory options outside the City of Bellevue, this report studied cities across the United States, including Kirkland, Washington. JELSON25

INTRODUCTION

Each city took a unique approach to regulating the STRs in their jurisdiction, from taking a hands-off approach to designating strict punishments for those who failed to comply with ordinances.

The aim of this report is to provide an understanding of the various STR regulations across Washington State and the United States, to address STRs. The project goal is to determine how the underlying policies were developed and implemented through regulations within each municipality. Under the supervision of this study's City leads, interviews were conducted with representatives who have an understanding of, and experience with, how STR regulation is implemented in their jurisdiction, the process of implementing STR regulation, and, or the policies surrounding STR regulation. Within Washington State, nine City officials were interviewed across seven cities. Across the United States, four City officials were interviewed across four cities.

This study finds that each city took a unique approach to regulating the STRs in their jurisdiction, from taking a hands-off approach to designating strict punishments for those who failed to comply with ordinances. We learned that the frameworks used by the cities in developing their ordinances and regulations involved creating cooperative partnerships between planning commissions and city councils, holding public hearings to solicit feedback from the community and businesses, using the services of STR data analytics as well as internally analyzing STR data, and studying regulatory practices in other cities. Some compliance concerns were also noted, which include citizens' rights to participate in the shared economy, and cultural preservation of neighborhoods. In some cases across the United States, major events impacted how STRs were regulated. For instance, Hurricane Katrina has had an impact on how New Orleans has recovered and grown, as well as shaped how the city views STRs. Additionally, political opposition in the city of St. Louis affected the proposal and implementation of STR regulation. Finally, each city offered its advice to those considering implementing STR regulations.

Moving forward, this study finds that it is important to continue looking into how cities across the country are addressing the issues surrounding STRs. It is valuable that regulations are clear and understandable, so that constituents are more likely to opt into a system they believe is fair and will protect their rights.



The City of Bellingham, Washington, defines STRs as dwelling units provided to guests for a fee, for no more than 30 consecutive nights.
NICK KELLY/FAITHLIFE CORPORATION

METHODS

Per Washington Administrative Codes (WAC) 458-20-118 and 166, the state of Washington requires property owners who rent out living spaces for overnight accommodations on a short-term basis (less than 30 consecutive days) to register with the Department of Revenue. Rental income tax is collected through the state retail sales tax. Funds from this collection are reported through excise tax returns and then utilized by the local government's general fund, health services, water quality, and other accounts. The city of Bellevue's estimated population was 142,400 in 2017 (The Changing Face 2018). The city's tourism industry had the second highest percent change compared to other industries in the city in employment growth between 2010 and 2016, with a percent change just under 40% growth (The Changing Face of Bellevue 2018). With this in mind, the initial criterion in selecting the cities to be included in our study was their population size, benchmarked against Bellevue. For case studies within the State of Washington, we used population data from the official 2017 population of cities in the state of Washington, as provided by the State's Department of Commerce website. Meanwhile, for case studies across the United States, we used population data from the United States Census Bureau. Cities selected within Washington State had populations between 80,000 and 200,000. Municipalities selected across the United States varied in population between 60,000 and 1,000,000 people. Through this process, this study finds that cities that shared a similar population to Bellevue's did not have any STR regulations in place, nor was there an indication that a plan was being developed to address STRs. We revised our sample criteria to prioritize whether the city has a regulation in place, a STR plan in development, or a notable tourism industry in the area. We then used the city's population as a secondary qualifier, as these practices would be more translatable and relevant to the City of Bellevue.

CASE STUDY POPULATIONS

Population of Cities, Towns, and Counties/Parishes		
County/Parish	Jurisdiction	2017 Population Estimate
Spokane	Spokane	217,300
Pierce	Tacoma	208,100
King	Renton	102,700
Whatcom	Bellingham	86,720
Walla Walla	Walla Walla	86,080
Jefferson	Port Townsend	33,840
Montgomery	Bethesda, MD	63,374
Orleans Parish	New Orleans, LA	393,292
N/A	St. Louis, MO	308,626
Fairfax County	Fairfax County	1,148,433
King	Bellevue	142,400

Populations of cities, towns, counties, and parishes selected for our study. The initial criterion in selecting the cities to be included in our study was their population size, benchmarked against Bellevue. LCY STUDENT TEAM

CASE STUDY REGULATIONS AND LEGISLATION

Regulation and Ordinance Overview		
County/Parish	Regulation/Legislation	Year Effective Since
Tacoma, WA	TMC 13.06.150.C.7-575 TMC 6B.20-140	2014
Spokane, WA	Ordinance No. C35252, SMC 17C.316	2015
Port Townsend, WA	Ordinance No. 3172, PTMC 5.45	2017
Walla Walla, WA	Ordinance Nos. 2017-23 2017-33, WWMC 20.139	2017
Renton, WA	Ordinance 5904, RMC 4-4-055	2019
Kirkland, WA	Ordinance O-4607, KMC 7.02	2017
Bellingham, WA	Ordinance 2018-11-025, BMC 20.10.037	2019
Bethesda, MD	ZTA 16-03 B 2-16	2017
New Orleans, LA	Motion-18-194 Ordinance 27.209 MCS	2018
St. Louis, MO	N/A	N/A
Fairfax County	Ordinance ZO-18-473	2018

Regulations and ordinances currently used to regulate STRs in the populations, cities, towns, counties, and parishes selected for our study. Cities that share a similar population to Bellevue's do not generally have any STR regulations in place. LCY STUDENT TEAM

INTERVIEW FORMAT

Once our sample was finalized, we contacted public officials within each municipality and requested a 30-minute interview. More often than not, these individuals were city planners or department heads within land use divisions, as well as staff of city council members. In most cases, we were able to secure interviews from the same individual we originally emailed, and at other times, we were referred to another individual among their staff or in the department. These interviewees are largely kept anonymous and identified by their positions. Interviews were conducted by phone or in person depending on the interviewee's preference, or the research team member's ability to commute to the interviewee's office. In one instance, the interviewee opted to respond to the interview questions via email. However, a member of our team followed up with the interviewee on the phone to ask additional questions. All of the interviews involved one interviewee, with the exception of our interview with Tacoma, which included three participants; in total, 13 voices are represented in the data we collected. Interviewees were planning professionals holding director or senior positions within their respective cities, and work within one of the following departments: Development Services, Planning and Development Services, Community and Economic Development, Licensing, County Planning Department, City Counselor's Office, and Zoning Administration Division.

INTERVIEW QUESTIONS

Interview questions were based on feedback from City project leads, who emphasized that they wanted to capture process, regulatory framework, and lessons learned from cities' regulatory methods. Based on this information, interviewees were asked the following interview questions:

ACROSS WASHINGTON STATE

1. How is the city regulating STRs, short-term providers, and short-term operators? Can you describe the regulations the city has in place?
 - » Follow-up questions: Can you describe what led to your city's regulation of transient or STR activity? How many STRs are registered and licensed within the city? Does the city have an estimate of total number of transient housing units, both registered and unregistered? Is this regulation a voluntary registration?
2. What frameworks are used to evaluate the scope and nature of the issues posed by STRs and their regulation? Can you walk us through this framework?

- » Follow-up question: Was there a problem you were attempting to solve or a potential opportunity you saw for your city to benefit in some way?
3. What successes and challenges has the city experienced in regulating STRs, their providers, and operators?
 - » Follow-up questions: What advice would you give other cities that are considering crafting regulations for transient or STRs in their jurisdictions?

ACROSS THE UNITED STATES

1. Please describe the current regulations your city has in place regarding STRs.
 - » Follow-up question: What frameworks are used to evaluate the scope of the issues posed by STRs and their regulation?
2. Can you describe what led to your city's regulation of STR activity?
 - » Follow-up question: Was there a problem you were attempting to solve or a potential opportunity you saw for your city to benefit in some way?
3. Since implementing the regulation(s), how have people responded?
 - » How have STR operators responded? Residents? The business community?
4. What have been the successes and challenges in regulating STRs?
 - » What are your city's measures of success?
 - » What have you learned from this process?
5. What advice would you give to other cities that are considering implementing regulations for STRs?

ANALYSIS PROCEDURE

Each interview was audio recorded and transcribed by the research team member who conducted the interview. Once completed, our team met to organize a preliminary debriefing. This process involved each group member providing an overview of their interview(s), highlighting the key points discussed, identifying what stood out, as well as noting any observations they made about their interviewee's perceived expertise and level of comfort in responding to our questions. As team members were speaking, those who had conducted interviews were asked to track similarities and differences between what they were hearing and what they experienced in their own interviews. This debriefing allowed our team to determine common elements across all seven of the interviews. Our next and final step was to review the transcripts and use a thematic clustering procedure to identify our final categories and themes.

CASE STUDIES: CITIES IN WASHINGTON STATE

The biggest success for Tacoma was the lack of STR-related complaints from hosts, neighborhoods, and operators in the past five years. Due to this success, Tacoma has not re-evaluated the regulation since its implementation.

TACOMA

Regulations within the City of Tacoma, Washington have been in place for five years (Tacoma Municipal Codes, TMC 13.06.150.C.7-575 and TMC 6B.20-140), making Tacoma the first city in Washington to implement regulations related to short-term housing. Although Tacoma regulates STRs, the regulations that Tacoma has in place are not overly restrictive. The city has compliance officers who seek out unlicensed businesses and inform them of the licensing requirements.

STRs are defined by the City of Tacoma as residential units or rooms where the owner rents to guests for 30 days or less at a time. These can include entire home rentals, accessory dwelling units, or individual rooms within a unit. Requirements are simply an annual business license with an additional fee, which is based on expected residential income and Washington State Department of Revenue tax paperwork. A Transient Accommodation License is required if an operator chooses to rent three or more individual rooms. Owners of rented rooms or accessory dwelling units are required to reside on the property, but the rental of an entire home does not require owners to reside on the property. Operating a rental unit additionally requires specific safety features such as working smoke detectors and signs detailing locations of fire exits, fire alarms, and fire extinguishers.

Residential, commercial, mixed-use, and downtown districts allow for entire dwelling rentals, accommodating up to a maximum of six guests. Accessory dwelling units within the same zones support a maximum of four guests. A maximum of two rooms within an owner-occupied residence in residential zones, and a maximum of nine rooms in commercial, mixed-use, and downtown zones may be rented. Conditional use permits allow for up to nine guest rooms in multifamily residential districts.

Tacoma began its regulation by first investigating complaints raised by residents in the community about STRs in residential zones, although this was a small number of complaints. The next step in the regulatory process was to conduct research on land use and permitting from various cities. Tacoma did not find the issue of STRs to be a large problem, and thus its regulations reflect an emphasis on life safety and tourism.

The biggest success for Tacoma was the lack of STR-related complaints from hosts, neighborhoods, and operators in the past five years. Due to this success, Tacoma has not re-evaluated the regulation since its implementation.

SPOKANE

The city of Spokane is home to four universities (public schools Washington State and Eastern Washington, and private schools Gonzaga and Whitworth), and Spokane Community College. It has a population of 220,000 and an international airport. It is the most populous urban center in Eastern Washington and the second largest city in the state.

The local government of Spokane implemented its short-term regulations in response to complaints from hotel, motel, and bed and breakfast operators in the city. Leaders from these industries contacted members of the city council voicing their concern that STR operators were not subject to the same regulatory oversight that their businesses are subject to. In 2015, these conversations resulted in the creation of municipal code SMC 17C.316, which regulates STRs, defined as a residential dwelling unit or bedrooms in a residential unit rented to overnight guests for fewer than 30 days in a residential zone. STRs are not permitted in the downtown area, where there is a mix of businesses and residences, or anywhere outside of the identified residential zones.



The City of Tacoma was the first in Washington to implement regulations related to short-term housing.
JOE MABEL

The municipal code for STRs was primarily derived from existing codes that regulated bed and breakfasts. The code separates STRs into two distinct categories, Type A and Type B. The Type A are STRs where no commercial meetings are held. Thus, these only require an administrative permit (a business license, an application fee, and annual renewal). Type B STRs are able to host commercial meetings like parties, weddings, meetings, and other gatherings for direct or indirect compensation. This additionally requires a health permit and a conditional use permit pursuant to Chapter 17G.60 Land Use Application Procedures.

The code requires that the residence being rented in the short-term meet both building and fire code requirements, as well as provide parking for guests. The regulation permits the use of bedrooms, the entire residential unit and accessory dwelling units, but limit occupancy to a maximum of two adults per room. The STR operator is required to maintain a guest log book that contains the names and home addresses of guests, guests' license plate numbers if traveling by car, dates of stay, and the room assigned to each guest. This log book is subject to inspection by the city staff.

The Development Services Center is responsible for authorizing STR permits and enforcement of the STR code. The department has over 50 registered STRs on file. However, the department is aware of some unregistered properties, though it does not actively seek out or punish these operators. Instead, the City typically only becomes aware of violations when a complaint is filed against unregistered STRs. When a complaint is filed with the Development Services Center, the department turns it over to code enforcement, which handle all other regulations, and determine if any violation was committed and if penalty will be issued.

In the city of Renton, community concerns related to potential loss of housing units for traditional renters, impact to neighborhoods from renters who do not have vested interest in maintaining social norms expected of neighbors, increased traffic, and on-street parking.

RENTON

In the city of Renton, there were community concerns related to potential loss of housing units for traditional renters, impact to neighborhoods from renters who do not have vested interest in maintaining social norms expected of neighbors, increased traffic, and on-street parking. The Renton City Council, wanting to get in front of the issue, decided to adopt regulations pertaining to STRs as a safeguard to prevent negative impacts on the community.

The STR regulations implemented by City Council were heavily influenced by recommendations and research conducted by staff from the Community and Economic Development Department. The STR code, RMC 4-4-055, Ordinance no. 5904, was passed in December 2018 and became effective in January 2019.

The code defines a STR as a dwelling unit that is rented for less than 30 continuous days, is leased for three or more times in a year, is advertised for overnight accommodations through online marketplaces, newspapers and other publications, and hires a property manager to handle the rental of the property. The code requires the owner to obtain a city business license, provide parking for guests, comply with applicable fire and property maintenance codes (RMC 4-5-070 and 4-5-130), restrict the number of guests to no more than two persons per bedroom, and be owner-occupied if multiple parties are renting at the same time.

The Community and Economic Development staff utilized data from an internet-based company that tracks STR data (AirDNA) and learned that there are 196 STRs in the city, 64% of which are “private rooms” within residences. The City has sent letters to major online STR platforms like Airbnb, VRBO, and HomeToGo, asking them to inform their clients of the City's new STR regulations.

BELLINGHAM

Ordinance 2018-11-025 and BMC 20.10.037 within the City of Bellingham, Washington was implemented May 5th, 2019. Bellingham preemptively prepared regulations to address STRs before they become a significant issue. In contrast to Tacoma, the Bellingham legislation heavily regulates STR activity through active monitoring and enforcement. Currently, Bellingham is requesting proposals from organizations that specialize in monitoring rental sites to provide the services of oversight and enforcement of STRs.

STRs are defined in the City of Bellingham as dwelling units provided to guests for a fee, and a stay that does not extend beyond 30 consecutive nights. In order to apply for a license or permit, there are requirements and fees, along with Washington State Department of Revenue tax paperwork. Only one STR per operator is allowed in a residential zone and it may be rented for a maximum of 95 days per year. This would be considered the primary residence of the applicant, defined as such by government identification documents. An individual is allowed only one residence to be named as primary for at least 270 days per year. This includes long-term rental unit owners wanting to have an STR, counting as the one permitted STR. An exception to this allows individual bedrooms to be rented year-round within primary residences. STRs are not allowed in non-primary residences or detached dwelling units throughout residential zones. All detached or accessory dwelling units are required to comply with health, life, and building safety standards.

Urban and commercial zones are more flexible, as they have no limit on the number of STRs, nor do rentals in urban zones need to be owner-occupied. All STRs, residential or urban, require approved permits that limit the number of rooms available for rent, between a maximum of two to five rooms.

In developing these regulations, city planners in Bellingham reviewed the current policies in place for bed and breakfasts, hotels, and motels to analyze the gaps through which STRs would be exempt. They also examined STR regulations and policies of other cities. Bellingham participated in several rounds of community engagement by organizing gatherings for citizens to offer their feedback. They also communicated with STR hosts, neighborhood associations, and short-term platforms like VRBO to ensure all stakeholders were included. The Bellingham City Council ultimately decided to implement regulations based on recommendations from city planners.

Bellingham made the decision to address this issue of a shortage in long-term housing for the benefit of individuals in the community. The City has not identified current successes because implementation of regulations has only recently begun. A failure Bellingham noticed when discussing the ordinance was the worry that STR operators felt when applying for permits and business licenses while currently operating illegally.

KIRKLAND

In Kirkland, STR regulations (Ordinance O-4607, KMC 7.02), were adopted in October 2017, as a way to promote tourism and to provide economic opportunities to the community. To develop its regulations, the City of Kirkland reviewed STR policies in different cities, such as Seattle, Washington, Vancouver, British Columbia, and San Francisco, California. They also hired interns to investigate STR sites as a way to estimate how many STRs were already operating within city limits.

Kirkland has fairly strict regulations, as they require the operator to possess a commercial business license from the City and a STR business license from the State of Washington. To satisfy the requirement to acquire a STR business, the property owner or the agent must occupy the property as the primary residence for at least 245 days per year. As long as the owner or the agent continuously lives at the residence in Kirkland, STRs are not limited by the City. The owner must not have more than two STRs at once. The property agents or managers can be anyone, as long as they meet the requirements. The property owner must pay a \$100 application fee, as well as a \$205 annual fee. The property owners or manager must live within 15 miles of the property. The parking requirements are the same as the requirements for a bed and breakfast, as stated in KZC 115.65.4.j(5). There is no business and occupation tax, but STRs must pay lodging taxes to the State of Washington.

Because Kirkland solely relies on phone complaints to identify properties that are out of compliance and or otherwise disrupting neighborhoods, Kirkland has found challenges in ensuring that all the STR operators abide by the city ordinance. The City of Kirkland suggests that noise or complaints must be reported by calling police or 911 for an immediate response.

WALLA WALLA

The STR code of the city of Walla Walla was developed through an initial study conducted by the staff of the Development Services department. They then partnered with the Planning Commission, and conducted hearings to generate public input for and against regulation of STRs. From these conversations, they developed their final recommendations that they submitted to the City Council, which then passed the ordinances regulating STRs in 2017: WVMC 20.139, and Ordinances 2017-33 and 2017-23.

The code defines STRs as temporary lodging provided for a fee at a dwelling for a period of less than 30 continuous days. The code further defines a STR as either: Type 1, where the rental is at a dwelling that is the owner's primary residence and where the owner is personally present during the rental activity, or if the entire dwelling is rented, the total rental days do not exceed more than 90 per calendar year; or Type 2, where the rental is at a dwelling that is not the owner's principal residence. The City Council adopted ordinance no. 2017-33, which bans Type 2 STRs but allows those that were lawfully established and existing prior to November 9, 2017 to continue as non-conforming uses.

The STR code requires STR owners and operators to apply for a license and business permit, show evidence that the required lodging taxes have been remitted to the State Department of Revenue, provide parking for guests, display good neighbor guidelines onsite, communicate these guidelines to STR tenants, and submit a list of websites and locations where the STR is advertised. Operators are also required to include city permit or license numbers in the advertisements. The code also requires carbon monoxide and smoke detectors, as well as fire extinguishers, to be installed on the rental property. STRs are not permitted to be used as event spaces. If the STR is Type 2, a local contact must be located within 25 miles of city limits and be able to respond 24 hours a day, seven days a week to any complaints.

The STR regulation is enforced by the city's Development Services department. Enforcement of the code is initiated when a complaint is received by the department, and violators are penalized on second and third citations with \$750 and \$1,000 fines respectively, with the fourth citation resulting in the revocation of the STR permit and license. The City has reported that it has not yet had any instance where it had to impose fines. Data from a third-party source, AirDNA.co, a company that tracks online STR data and analytics, indicated that Walla Walla has 153 active STRs. The number of registered STRs for the city currently stands at 120.

PORT TOWNSEND

The local government of Port Townsend, in response to the negative impact in housing stock, adopted a STR code in May 2017 to regulate the operations of STRs: PTMC 5.45, Ordinance no. 3172. The code identifies two types of STRs: bed and breakfasts, and tourist homes. The code requires STRs to apply for a STR license and business permit. The short-term license charges a one-time fee of \$1,000 and does not

require a renewal. The business license number is required to be clearly displayed on all advertisements and listings for the unit rented. The rental is also required to provide trash and recycling containers on-site, and a fire extinguisher to always be maintained on the premises. The owner of the STR is required to be on the premises during the time that the rental activity is taking place. No rental activity is permitted on accessory dwelling units and non-owner-occupied homes.

The code is actively enforced by the City through the Development Services department, with a full-time code compliance officer regularly checking online for listings in the city that are in violation of the code. The officer monitor listings for their business license numbers and verify that they are registered in the city and are code-compliant. There are around 50 registered tourist homes or STRs in the city. The penalty for non-compliance with the code is a fine of \$250 per day that the STR is in violation of the regulation. However, the Director of Development Services shared that the department has not had any instance in which they have imposed the fine, and would prefer that owners who could not or would not comply simply terminate their operations.



Port Townsend, Washington, enforces STR regulation with a full-time code compliance officer who regularly checks for code violations.
JOE MABEL

CASE STUDIES:
JURISDICTIONS OUTSIDE WASHINGTON STATE

BETHESDA, MARYLAND

Bethesda, Maryland, which is located in Montgomery County, defines STRs as “the residential occupancy of a dwelling unit for a fee for less than 30 consecutive days” (B2-16 2017). Additionally, STRs are regulated through limited use standards. One of two criteria must be met: (1) “the dwelling unit where the bed and breakfast or STR is located is the primary residence of the applicant;” and “if the applicant property owner resident is physically present and occupies the residence there is no limitation on the number of days the property can be used as a short-term residential rental,” or (2) “if the applicant property owner or owner-authorized resident is not present at the residence, the property can be used as a STR for a maximum of 120 days in a calendar year” (Zoning Text Amendment 2017).

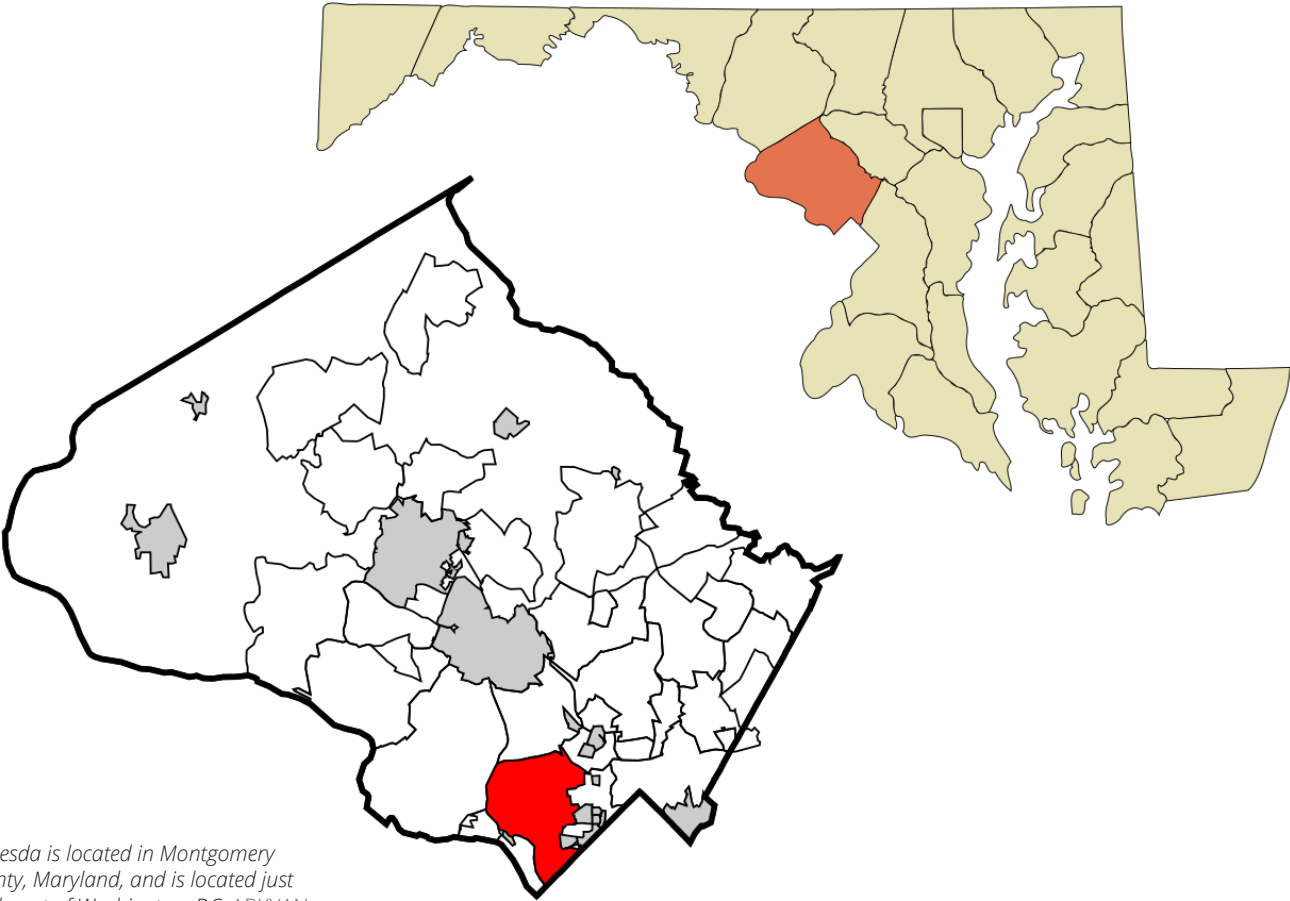
“[In] Montgomery County and Bethesda it is a limited use, it is basically that you to meet certain conditions in order to have it in the zoning code which is chapter 59. I would say there is about two main regulations. The first, is a dwelling unit that is used as a short-term rental must be applicants property or primary address regardless of dwelling unit type. And the second one, is that if the applicants or property owner resident is not present when they are doing the short-term rental they are allowed to do it for a maximum of a 120 days per year. And if the applicant or property owner is present when it is being used as a short-term rental then there is no limitation on the number days that the property can be used. One clarifying thing, a short-term rental only describes a rental that is under 30 days, so if it is over 30 days it is a separate category, it is a rental, not a short-term rental so we are not talking about anything over 30 days.”

—Lisa Govoni

If a person decides that they want to use a home that they own as a STR, they must acquire a license. “The use must be licensed under Chapter 54” (Zoning Text Amendment 2017). Bethesda regulates the maximum number of overnight visitors, and stipulates that “the total number of overnight guests in the Short-Term Residential Rental who are 18 years or older is limited to six, and the total number of overnight guests over 18 years of age per bedroom is limited to two” (Zoning Text Amendment 2017).

STRs in Bethesda and Montgomery County are taxed at 7%, which is equal to the hotel tax. As a Housing Planner explained, “the best way to describe it is it came from the county council they sent it down to us because they applied a tax. Seven percent which is about the same as the hotel tax” (Govoni 2019).

Violation of county and city codes results in a Class A violation, and “such violations are punishable by the issuance of civil citations carrying fines of \$500 for the initial offense and \$750 for repeat offenses. An individual citation can be issued for each day a rental property is not licensed” (B2-16, 2017). These codes and regulations were confirmed in an interview with the Housing Planner for the Montgomery County Planning Department in Maryland (Govoni 2019).



Bethesda is located in Montgomery County, Maryland, and is located just northwest of Washington, DC. ARKYAN

Our interview with the Housing Planner highlighted the challenges that have arisen since implementation of the ordinances and new zoning codes:

“[What] we are struggling with is getting people licensed. You’re required to have a license, but from what I have heard is that not a lot of licenses have been going out. I don’t know if it is people are unaware of the regulations? Or they just... enforcement really only comes with a complaint. We don’t really have the manpower to go to every single short-term rental in the county to ensure that they are in compliance.”

—Lisa Govoni

Additionally, the Housing Planner spoke about the successes of merging the residential and commercial needs of the spaces in Bethesda:

“What we did was a good compromise between making sure that they are taxed and making sure they are under the similar regulation as the hotel industry and also limiting the use that they can only do it under 120 days out of the calendar year if they’re not present, [which] makes sure that this is not overrunning our residential neighborhoods. One of the things that was very clear when we went through this was that people that lived in the residential neighborhoods wanted to make sure that the residential character of their neighborhood was preserved because this is by nature a commercial use. So I think what we did here was balancing the residential needs in the neighborhood and also making sure that we are up to date and adopting the sharing in the economy so that we don’t fall behind other jurisdictions.”

—Lisa Govoni



Homeowners in Bethesda, Maryland, who wish to operate STRs must acquire a license to do so. DAVID

NEW ORLEANS, LOUISIANA

In the city of New Orleans, issues around STR regulation are apparent in the political attention they have received. Chief of Staff to Councilmember Kristin Palmer explains that, STR regulation “...was a major issue during the 2017 campaign. All of the district Council members, more or less, who were running, had to address this” and throughout legislative processes for STRs, the community of New Orleans actively voiced concerns such as “preserving the fabric” of neighborhoods, ensuring that regulations continue to allow operators to participate in the “shared economy” where STR operations are tied to New Orleanian “culture of hospitality,” and ensuring that regulations support the City’s Master Plan that designated land use after Hurricane Katrina (Sullivan 2019). In response to community needs, studies to understand how STRs operate in New Orleans and STR regulations were implemented.



*New Orleans Parish, within
the state of Louisiana*
DAVID BENBENNICK

In 2016, the City Planning Commission of New Orleans first studied the regulation of STRs and how to define them. The Chief of Staff to Councilmember Kristin Palmer describes that the study aimed to understand how and where STRs were operating in the city (Chief of Staff 2019). The STR study then helped inform adjusted regulations. Along with the goal to better adjust regulations for the city’s needs, the City also aimed to create a licensing system with low barriers to entry. The STR study in 2016 found that the Comprehensive Zoning Ordinance (CZO) did not have a specific definition of STRs. Instead, the definition focused on defining STRs for sleeping purposes rather than land use. STRs were defined as “rentals of a premises or any portion thereof for dwelling, lodging or sleeping purposes,” and were allowed for 30 consecutive days outside the Vieux Carré (also known as the “Old District” or “French Quarter”), and 60 consecutive days in the Vieux Carré (Perry et al. 2018). The STR study additionally found that STRs were allowed in very few areas, that an estimated 2,400 to 4,000 STRs were in operation, and that 70% were rentals of an entire dwelling unit (Perry et al. 2018). Following the STR study in 2016, amendments were made to the CZO and city code in 2017.

Ordinance 27.209 MCS, which was adopted December 1, 2016 and effective April 1, 2017, amended the CZO to define STRs as a land use, designate where STRs could be authorized, and set STR operation standards. Along with a license requirement for all STRs, the amendments put regulations in place through the Department of Safety and Permits, the Department of Finance, and the Bureau of Revenue. The definition of STRs was split into three categories: Accessory, Temporary, and Commercial. Accessory units are defined as three-bedroom units or a two-family dwelling unit, also known as “the shotgun double” in New Orleans, with one unit occupied and the other unit operated as an STR (Chief of Staff 2019). Accessory STR operators are limited to renting units with no more than three guest rooms and a total of six guests, or two guests per bedroom (M.C.S., Ord. No. 27209 2016). Additionally, the owner must be present during the renters’ stays. Next, the Temporary unit is a whole-home, residential rental dwelling unit with no more than five guest rooms (M.C.S., Ord. No. 27209 2016). Temporary units are not required to be owner-occupied, however, rentals must not exceed 90 days per calendar year, except in Vieux Carré. A permanent resident is not required to be present, however, an in-town manager is required. Lastly, Commercial units are entire-dwelling units in a non-residential district with

no more than five guest rooms and no limits to overnight stays (M.C.S., Ord. No. 27209 2016). The definitions laid out in the 2016 Ordinance 27.209 MCS are still upheld, but regulations have been adjusted since a more recent STR study.

On May 24, 2018, the short-term rental Interim Zoning District (IZD) was implemented through Motion-18-194. The Chief of Staff to Councilmember Kristin Palmer describes the study leading up the IZD:

“Our first council meeting was when we put in place the IZD and said to the CPC (City Planning Commission), we want you to re-study this issue and we want you to make recommendations based on what we know now about how these three different license types operate and what they have done and what reports we’re getting in and sort of what data we’ve collected and what we should do to our STR program moving forward. CPC got back to us in October and basically recommended eliminating the whole home short-term rentals in residential neighborhoods. They said you should only be able to do rentals in the residential neighborhood if you have a homestead exemption and it’s on owner-occupied property.”

—Andrew Sullivan

With the 2018 IZD in place, temporary licenses, which are required for whole home rentals, are no longer issued (Perry et al. 2018). Temporary licenses that have not expired are still valid, however, STR operators will not be able to renew their license when they expire and no new Temporary licenses are being issued. Additionally, Commercial licenses for STR use on the first floor of multi-story buildings that may contain residential uses on subsequent floors are no longer allowed (Perry et al. 2018). While the IZD is in place, legislation is currently being drafted to adjust STR regulation.

In 2017, two ordinances detailed revenue and revenue collection for STRs. Through Ordinance 27.204 MCS, which was adopted December 1, 2016 and effective April 1, 2017, amendments were made in Chapter 26 of the City Code. These amendments created licensing and enforcement mechanism for STRs. STR operators must acquire one license out of the three license type options: Type A licenses for Accessory units with a \$200 fee, Type T licenses for Temporary units with a \$150 fee (\$50 for STR operators with a Homestead Exemption), and Type C licenses for Commercial STRs with a \$500 fee (M.C.S., Ord. No. 27204 2016).

Another means of enforcement in New Orleans has focused on the role of platforms, like Airbnb, Inc., in data sharing to support enforcement.

Additionally, Ordinance 27.201 MCS subjected STRs to the same 8.45% sales and use tax assessed on the nightly rental rate as hotels in New Orleans (Perry et al. 2018). Four percent of the tax is collected by the New Orleans’ Bureau of Revenue, and the remainder is collected by the state of Louisiana (Perry et al. 2018). Lastly, Ordinance 27.210 MCS outlines an additional special tax that requires a \$1 per night STR rental fee that is deposited into the Neighborhood Housing Improvement Fund for affordable housing (M.C.S., Ord. No. 27210, 2016).

To enforce STR regulation, the Department of Safety and Permits and Short Term Rental Administration levies fines and revokes licenses. Another means of enforcement in New Orleans has focused on the role of platforms, like Airbnb, Inc., in data sharing to support enforcement. In 2016, the City Council authorized the Mayor to enter into a Cooperative Endeavor Agreement outlined in Ordinance 27.218 MCS, with Airbnb, Inc. for the remittance of taxes that expired in 2017, but continues informally with a data sharing agreement (Perry et al. 2018). The ordinance states that platforms, such as Airbnb, Inc., are to also provide the total number of STRs listed on the platform, total number of nights rented, permit type for each listing, and the total amount of tax collected by Airbnb, Inc. and remitted to the City of New Orleans (M.C.S., Ord. No. 27218, 2016). For a while, STR operators were able to apply for their license by a pass-through registration process on Airbnb.com to “maximize the ease of compliance and eliminate barriers that resulted in low registration rates” (Becnel and Cecil 2019).

One major success from regulating STRs in New Orleans is the relatively high compliance rate, which is about 60% (Sullivan 2019). However, regulatory compliance is still a challenge. A report from the Department of Safety and Permits found that there were technical shortcomings with the data sharing agreement with Airbnb, Inc. The Department found that

data provided by Airbnb, Inc. was aggregated, which makes reliability unclear and limits the usefulness of data for enforcement (Becnel and Cecil 2019). Additionally, levying fines has not been an effective enforcement mechanism:

“In Louisiana we are actually limited, you know, \$500 is our max fine, which we can stack it so we can say, you know, you didn’t do these three things so we can fine \$500 each but that low of a numbers means that, ... the fines that we put out, people can make back in one sugar bowl weekend or one Mardi Gras weekend and then even if we revoke their license, the platforms actually rarely do any sort of policing to keep unregistered units from advertising and completing transactions on there.”

—Andrew Sullivan

To address regulatory compliance gaps, the City of New Orleans is considering a model based on those used in Santa Monica, California and San Francisco, California to achieve more compliance with platforms. The model focuses on the “financial transaction” by fining platforms for facilitating any illegal STR transactions, in order to increase platform compliance and data reliability (Sullivan 2019).



New Orleans, Louisiana, implemented a series of STR studies in order to address community needs and understand how STRs operate in the city.
MICHAEL MAPLES, U.S. ARMY CORPS OF ENGINEERS

ST. LOUIS, MISSOURI

As of February 2019, the city of St. Louis, Missouri had not implemented any meaningful policies to regulate STRs, but a number of bills have been drafted on the city and state level in regards to the issue.

“We have been working on legislation. There are other bills that a lot of departments have been involved in but at this point they had not yet been introduced. So we may have legislation that will be introduced in the next session which will start sometime in April. But I can’t say at this point if that’s definitely going to happen then either because it could be that the state might end up preempting us on some of this too.”

—Rebecca Wright

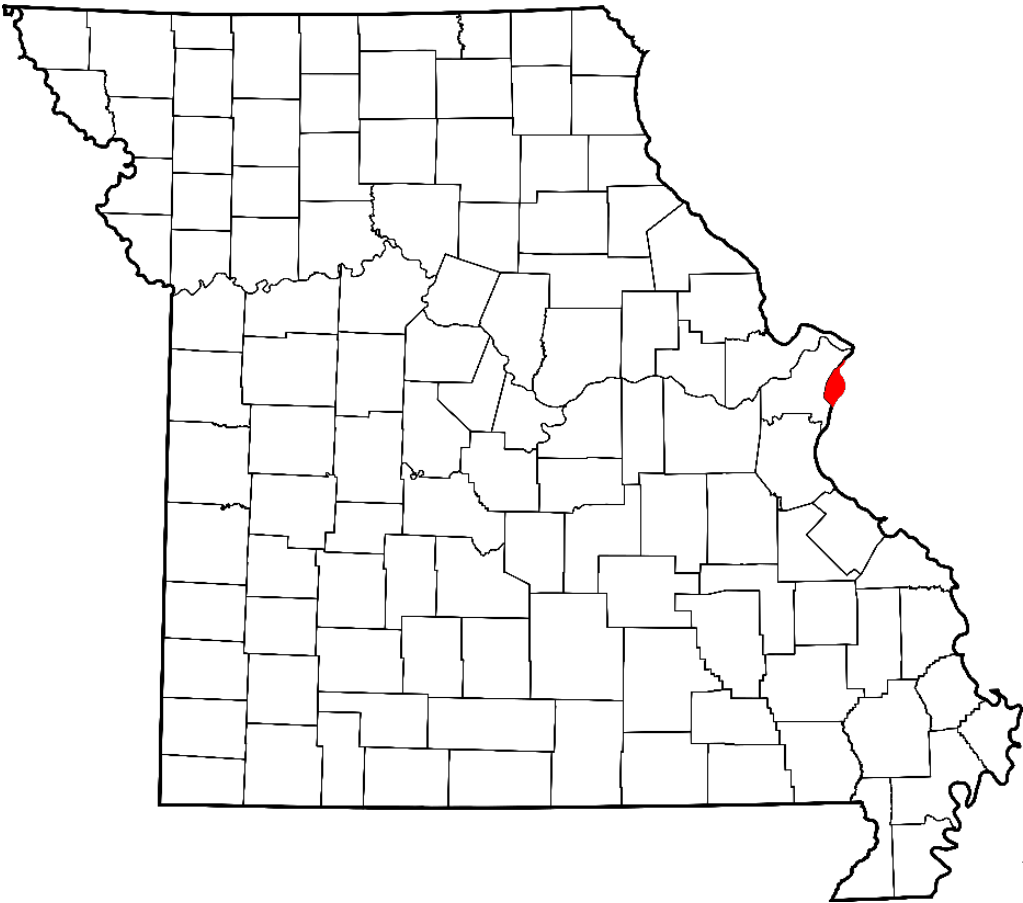
In January 2019, Alderwoman Christine Ingrassia put forth Board Bill 183, a bill that was aimed to limit STRs to no more than 30 days per visit and no more than 120 days total in a year. Moreover, properties would need to be inspected each year (currently for a fee of \$90) in order to obtain an occupancy permit (B.B.183 2019). The Alderwoman eventually pulled the bill due to a controversy stemming from misinformation amongst her constituents that put her at risk of not being reelected:



STR legislation in St. Louis, Missouri, has not yet been implemented.
DAVID BENBENICK

“I’m gauging this based on comments that I’ve seen on various different platforms, either like news sites or social network sites like Nextdoor(.com) where people were upset about that aspect of it. And it also, there was a part of it where people didn’t seem to understand what the legislation was actually doing. [Because] there were some complaints about taxes; even though it didn’t do anything with their taxes. You’ll get people who come up with comments that have nothing to do whatsoever with what the legislation was actually doing. So I was a little puzzled by that, but I think it just became so controversial at that point. She was up for reelection and I think she just pulled it and decided that they would just come back and address it the next session.”

—Rebecca Wright



St. Louis, Missouri
DANIEL SCHWEN

FAIRFAX COUNTY, VIRGINIA

STRs have been an ongoing issue in Fairfax County, Virginia. With the passage of the, Creation of Registry for Short Term Rental of Property, VA. Code of Virginia § 15.2-983, which granted counties the ability to regulate STRs, Fairfax County passed ordinance ZO-18-473 on July 31, 2018, and implemented it beginning in October 2018. The ordinance defines STRs as rentals of 30 consecutive days or less, and allows for primary residents to rent out their home to a maximum of six adults for a maximum of 60 days annually with a permit. Permits can be obtained from the County through a short online application with a fee of \$200 every two years. The ordinance also outlines that events and parties are not allowed uses of STRs, and that a parking spot must be designated and listed on any advertisement for the rental, along with a permit number. The ordinance defines a primary residence as the location at which the resident resides for at least 185 days of a calendar year.

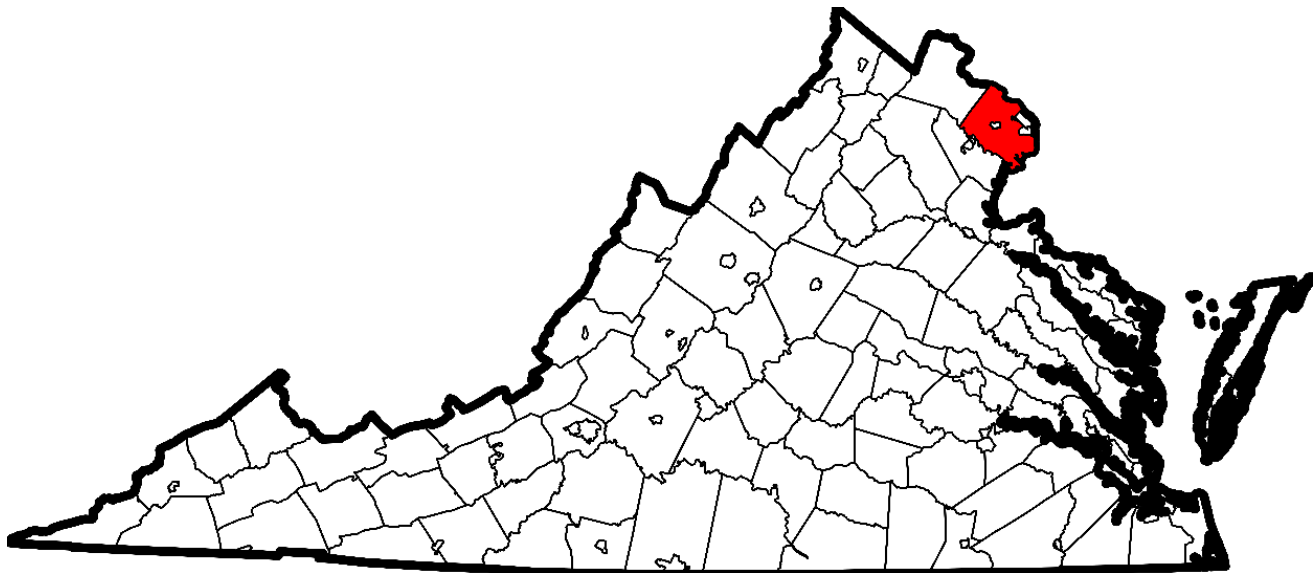
The issues around STRs were brought forward by three main stakeholders: residents, commercial actors such as hotels and motels, and county government.

“[The County of Fairfax] went through a very extensive outreach process. [They] held multiple community meetings to get feedback from residents and had meetings with other stakeholders including the tourism industry like the hotels... [They] had ... one on one meetings with concerned citizens [and] one on one meetings with a group of citizens that wanted to ... be able to basically rent out their homes. Most people were not aware that it was a use that was not permitted to begin with so [they] found out there were more than fifteen hundred units that were being rented and people were not aware so [they] went out to educate people that it is not permitted right now but [they were] looking at changing the ordinance to allow it.”

—Lily Yegazu

The residents were concerned with the safety of their neighborhoods and felt that STRs were for commercial use only. Residents were also concerned with noise, trash, and parking issues. Other competing commercial actors, such as operators of hotels, motels, and bed and breakfasts, were concerned that STR operators were not being held to the same standards: “they want...a level playing field since they have to go through a lot of code requirements and also pay transient occupancy tax on their rentals so transient occupancies being allowed in residential units, they should also be subject to the same tax...” (Yegazu 2019). The government wanted to provide protection and to have the ability to mitigate impacts on neighborhoods, while still allowing for the new emerging economy of STRs.

Prior to passing the ordinance, Fairfax County conducted a study on various ways that STRs have been regulated in different cities worldwide, and additionally held many meetings with the residents of Fairfax County to best inform their ordinance. After the passage of the ordinance, Fairfax County launched an informational campaign to inform residents of the new ordinance and to increase registrations for permits.



Fairfax County within the state of Virginia. DAVID BENBENNICK

Through the passage of their ordinance and the inclusion of STRs in their 6% Transient Occupancy Tax, Fairfax County has taken steps to attempt to regulate STRs based on stakeholder needs and concerns.

The 6% Transient Occupancy Tax consists of three separate taxes:

- (1) 2% Transient Occupancy Tax (Code of Virginia, §58.1-3819). These funds are used to support general county expenditures. This tax does not apply to stays in properties located within any town imposing a tax on transient occupancy.
- (2) 2% Transient Occupancy Tax (Code of Virginia, §58.1-3824). These funds are used to help promote tourism and fund a nonprofit convention and visitors center in Fairfax County.
- (3) 2% Transportation District Transient Occupancy Tax (Code of Virginia §58.1-1743). These funds are dedicated to regional transportation.

Since the implementation of their ordinance, Fairfax County has faced both successes and challenges. The most prominent success that they have had is that,

“[They] actually feel that having some type of regulations gives us an upper hand in enforcing because now we can look up who has a permit and who has not before without having this regulation in place. It was completely prohibited. So it was it was impossible to know who was operating short-term rentals and was not unless [they] have the operator admit that they were doing short-term rentals.”

—Lily Yegazu

Additionally, “[they have] been successful in getting people to come in and at least pull a permit and you know operate legally... [they have] had success in getting over at least about 50 people come in and get a permit” (Yegazu 2019).

A challenge that Fairfax County faces with its new regulations is enforcement. “The challenge in regulating short-term rental and all the regulations we have put in place is that most of it happens in the past. By the time we get a complaint then the county operates on a complaint basis. So we don’t proactively go out and enforce on any of our zoning ordinance” (Yegazu 2019).

An additional challenge, despite the research and town meetings that Fairfax County held, was that, “there was a group of people about 30 property owners and tenants who did not basically agree with or did not want the new regulations. [They] did not feel that 60 days ... was sufficient for them to operate their short-term lodging and make sufficient money...” (Yegazu 2019). As a result, they have filed suit against the county of Fairfax. Fairfax County will not be making any changes to their ordinance until the 18-month study period on the implementation of the ordinance has concluded or the lawsuit has come to a close.



The seal of Fairfax County, Virginia

FINDINGS FROM IN-STATE CITIES

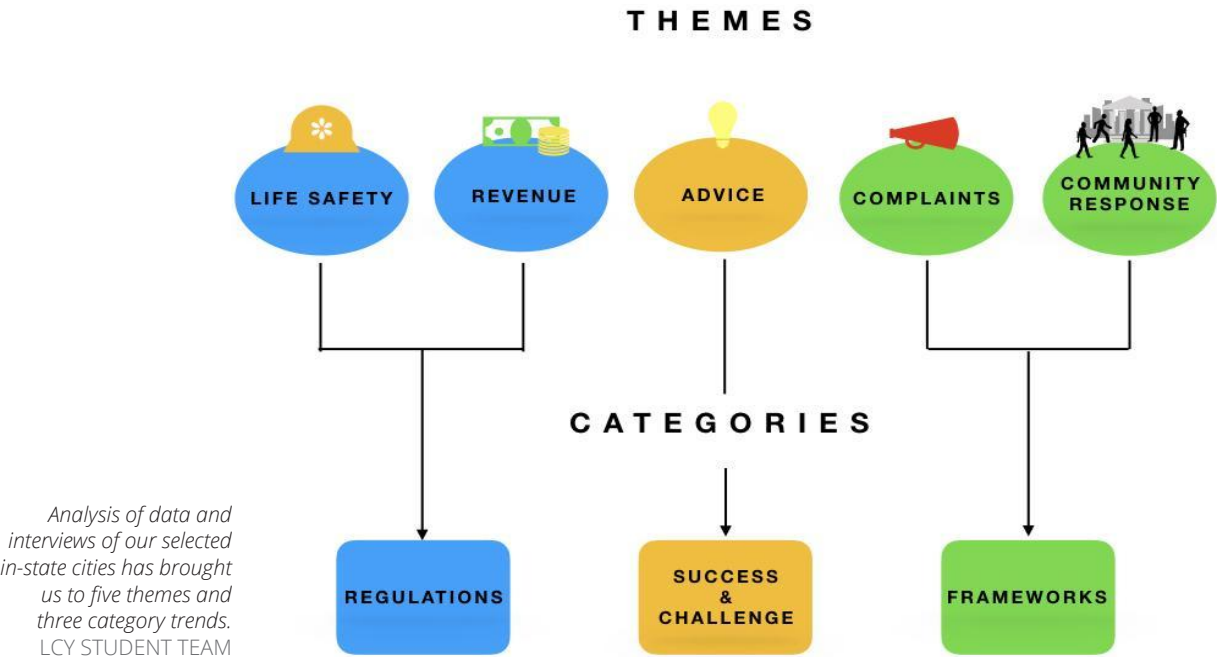
The analysis of data and interviews of the seven cities covered within the state of Washington revealed three overarching categories: regulations, frameworks, successes and challenges. In addition, we identified five themes embedded within these categories: life safety, complaints, community response, revenue, and advice. Below we provide an overview of each city's ordinances, how they regulate their policies, and the frameworks they use.

Across the in-state cities we included in our study, we noticed a number of trends. One of these is life safety which refers to the measures taken to ensure resident safety within the dwelling and in the event of an emergency. The City of Bellingham stated that, "we want to make sure that the units are safe, not only the renters that are staying there but also for the surrounding neighborhood and that the impacts are reduced through the standard that we've included" (Pool 2019).

The cities regulate life safety by requiring short-term rental structures to provide working fire extinguishers and carbon monoxide and smoke detectors on-site. The City of Tacoma specifies that fire extinguishers are to be provided in all accessory dwelling units (ADUs), rooms, and other structures used in short-term rentals. Additionally, in Port Townsend, regulations specify that room(s) being rented are required to have windows. In Tacoma, Bellingham, and Kirkland, we heard from interviewees that life safety was an important consideration when developing their city's STR code, and that they have recognized that an important benefit of regulating STR operators is the ability to track and monitor properties to guarantee that each registered unit is up to code.

Revenue in the form of retail sales tax and business and occupation taxes are levied by and directly remitted to the state, through the Department of Revenue. The Business Licensing Service under the Department of Revenue, also has permit licensing agreements with the cities of Walla Walla, Spokane, Bellingham, Port Townsend, and Kirkland to process the business license applications for these respective cities. Renton and Tacoma manage their own business license applications. The City of Bellingham stated that revenue collected through ordinance taxes and fees are a benefit, saying that it is, "beneficial to have them permitted so that we can know, that they have to show that they're registered as a business and paid their appropriate taxes" (Poole 2019). The short-term rental permit and license fees charged appears to be standard costs that are at par or even lower than other fees charged for others. The city of Walla Walla said that, "the fee that the council approved isn't a full cost recovery for the estimated time to process" (Maland 2019) while the city of Spokane said that, "[this permit] is certainly one of our cheapest, cheapest in considering how much folks are typically charging for the short term rentals and how much they are making" (deBit 2019). Kirkland considers the revenue that the city generates from their STRs in terms of, "allowing property owners to generate some revenue which will theoretically go back to them, and they can use to buy goods and services in the city or investing education or buying car" (Weinstein 2019).

INTERVIEW THEME AND CATEGORY TRENDS



Complaints were also identified as a motivating factor for cities to develop their short-term rental code. The City of Tacoma shared that, “a few of the neighbors just filed complaints and then... reached out to their council member” (Larson, Barrett, and Magoon 2019). The City of Renton enacted their regulation as,

“City Council wanted to get out in front of the issue by adopting reasonable regulations to apply in case STRs did present negative impacts on the community. Prior to staff’s work on the matter there were general concerns related to the potential loss of housing units for traditional renters, and the potential impacts to neighborhoods that might result from short-term renters who have no vested interest in maintaining the social norms of the area (e.g., quiet hours observed), as well as increased traffic and on-street parking.”

—Paul Hintz

The City of Port Townsend passed their regulations because of complaints from the community regarding the “negative effect on the housing market” (Bailey 2019). Spokane initiated STR regulations when members of the hotel and motel business complained to the City Council about the unequal treatment and standards that the short-term rentals are being held to, even though they essentially provide the same services. The City of Bellingham noted that, “the complaints [from] the residents and neighborhood association had to do with the impacts on the surrounding neighborhoods related to noise, trash, parking” (Poole 2019). Walla Walla did not mention complaints as a factor in their regulation, though the City did conduct several public hearings where the public shared their input on the STR issue. In the time since, these cities have implemented their STR regulations, the number of complaints have been so insignificant that, for Walla Walla and Spokane, they can recall fewer than five received since the STR ordinances were passed, in Tacoma and Renton there are no record of complaints filed, while with Bellingham having newly passed their regulations, implementation is yet to start.

An element that we found replicated across several cities was the importance of community involvement and feedback in the process of developing short-term rental regulations.

Finally, an element that we found replicated across several cities was the importance of community involvement and feedback in the process of developing short-term rental regulations. The City of Bellingham for instance, made steps to ensure that, “[they] met with concerned citizens and some hosts of short-term rentals. And [they] also presented information to community groups who requested it” (Poole 2019). The City of Walla Walla’s ban on Type 2 rentals was primarily driven by support from the community where, “the council received many comment letters expressing opposition to non-owner-occupied short-term rentals which has led to the new code which is a ban on these rentals” (Maland 2019). Prior to that ban, the city—in developing the first STR regulation that was passed—held multiple public hearings with the planning commission and the city council. The City of Spokane passed its regulations “for the ease of the neighbors, [which] helps them to know that the city [has] an eye on [STRs]” (deBit 2019). The city of Tacoma sought to learn from the experiences of other cities saying, “we always seek knowledge from those that have already adopted” (Larson, Barrett, and Magoon 2019).



Spokane, Washington, regulates STRs in part to show its citizens that the City is monitoring new systems.
MARK WAGNER

FINDINGS FROM ACROSS THE US

For the cities interviewed from across the US, common themes were identified by analyzing the main categories: definition, regulation, stakeholders, compliance, penalty, and revenue. Common themes centered on socio-political factors, shared economy, cultural preservation, and difficulty with enforcing permits and licenses.

It is apparent that the regulation and enforcement of STRs is complex and deserving of continued discussion. Definitions for STRs vary, but generally delineate property rentals of up to 30 days. The maximum days allowed, however, broadly differs from as little as 60 days a calendar year to an unlimited number of days, depending on city or county regulations. Revenue is collected via a system of taxation, permits, and licensure. Enforcement is difficult and usually operate under a complaint system, which can be too slow to respond.

Advice received after speaking with City representatives centered on the importance of listening to the citizens of their city and being transparent about the process of regulating STRs (Associate City Counselor 2019). Failing to do so could result in political backlash and prevent cities from having any means of regulating STRs at all. Fairfax County asserts that one size does not fit all: what works for them may not necessarily work for Bellevue. New Orleans suggests being tough on regulations and “[putting] residential property where residential property needs to be, and [pushing] commercial activity into those commercial corridors” (Sullivan 2019).

From our conversations with cities across the US, we learned that inaction could lead to loss of revenue, as well as the degradation of neighborhood cohesion. We recommend that the City of Bellevue form a coalition with the citizens and the local hospitality sector to create clear and comprehensive policies to regulate STRs. We also suggest continued research into what other cities are doing to address the issue. Since there is no one-size-fits-all fix to handle STRs, learning from other cities’ successes and difficulties can be valuable in finding a solution that will fit Bellevue’s needs.

From our conversations with cities across the US, we learned that inaction could lead to loss of revenue, as well as the degradation of neighborhood cohesion.

STR REGULATIONS ACROSS US CITIES

CATEGORY	Themes	Bethesda, MD	New Orleans, LA	Fairfax, VA	St. Louis, MO
DEFINITION	Length of Time	30	30	30	N/A
REGULATION	Owner Occupied	No limits	Accessory STR: no limit Temporary STR: not allowed	60 days per year	N/A
	Non-Owner Occupied	120 days per year	90 days per year	Not allowed	N/A
STAKEHOLDERS	Shared Economy	YES	YES	YES	YES
	Cultural Preservation	YES	YES	YES	YES
COMPLIANCE	Difficulty with Permits/License	YES	YES	YES	N/A
PENALTY	Revoke License	YES	YES	YES	N/A
REVENUE	Taxation	7%	SRT Operators: 8.45% Platforms: (special tax) \$1 of SRT nightly revenues	6%	7.25%
SOCIAL-POLITICAL FACTORS	Various	Hotels	Hurricane Katrina	Lawsuit and hotels	Controversy: Taxes

Comparison of STR regulations across cities in the US. Common themes across comparable municipalities centered on socio-political factors, shared economy, cultural preservation, and difficulty with enforcing permits and licenses. LCY STUDENT TEAM

INTERVIEW-BASED RECOMMENDATIONS

IN-STATE (WASHINGTON) PARTICIPANTS

The following summarized recommendations outline STR considerations advised by our in-state interviewees:

- 1. Involve Community Members
“Just getting everyone at the table, appeasing neighborhoods and making sure you’re not taking away any of the character of the neighborhood.”
–Donna deBit, Spokane
- 2. Take your time
“Don’t rush the process, make sure there’s open public workshops.”
–Jonathan D. Maland, Walla Walla
- 3. Do extensive research
“Take note of what other jurisdictions have done.”
–Donna deBit, Spokane
- 4. Do not overregulate
“There’s no need to overregulate.”
–Danielle Larson, Tacoma
- 5. Tailor regulations to your city’s needs
“Try to develop something that is a balanced approach that fits the unique circumstances of the community itself.”
– Lisa Pool, Bellingham

BETHESDA, MARYLAND

Advice given by Montgomery County is as follows:

“The biggest thing that I heard was we have a lot of residential neighborhoods especially in Bethesda that have been residential neighborhoods since they began over a hundred years ago, that introducing a commercial use is hard. So what we really have to do is balance the needs of the neighborhood but also make sure that

we have the ability as a county and as a jurisdiction to adapt to this sharing economy. And I think that was the biggest thing, is making sure that we can respond to the needs of short-term residential rentals, but also making sure the character of these neighborhoods is preserved and that people can’t just come in and buy houses and flip them and turn them into short-term rentals by adding that primary principal dwelling unit condition.”

—Lisa Govoni

NEW ORLEANS, LOUISIANA

From New Orleans, the Chief of Staff for Councilmember Kristin Palmer advises to “be as restrictive as you possibly can early on,” because doing so will allow cities to “put residential property where residential property needs to be and push commercial activity into ... commercial corridors” (Sullivan 2019).

ST. LOUIS, MISSOURI

The advice given by St. Louis was to look at Kansas City, Missouri, for guidance on how to create, implement, and enforce STR regulation:

“I was under the impression that Kansas City, maybe you had a good model in place. ... I haven’t spent a lot of looking at it, but that was my understanding and I do know that they have regulations in place because you can come online and you can see whether it’s allowed in your area. What process you would have to go through it. Apparently they’ve got a really good template online where it process online where you can see this is what you need to do.”

—Rebecca Wright

FAIRFAX COUNTY, VIRGINIA

The advice given by Fairfax County was simple: “... there is no ... one-size-fits-all kind of regulation and you just have to listen to your constituents, to the residents and ... try to address to the best of your ability their concerns” (Yegazu 2019).

CONCLUSION

The participants in our study developed their STR regulations from complaints received from the community concerned with disruptions caused by renters with no vested interest in maintaining the character of the neighborhoods affected. Other factors in implementing new STR ordinances included the impact on housing stock and affordability and lobbying from the hotel and motel industry for parity in regulations for a business that essentially provide the same service as they do. Several cities anticipated the potential problems that could arise from the STRs in their jurisdiction and are aiming to proactively regulate them.

In terms of enforcement, the issue of implementing STR regulations and ensuring compliance have been, and continues to be, universally challenging for the representatives interviewed. Enforcement described in most of the cases included in this study operate under a complaint system. With varying definitions of what is considered as STR, what properties can be rented for short-term use, the unique requirements of communities involved, the myriad of property, zoning, planning laws to navigate, and the multiple stakeholders and interests affected, it is unsurprising that development and enforcement of regulations has thus been complex.

It is in this context that the participants recommend that other cities considering developing their own STR regulations actively involve the community, solicit feedback, and listen to what the residents have to say. These participants also suggest providing enough time to process the feedback, conduct extensive research of what other cities and municipalities have already done and successfully practiced, and ensure that the regulations are tailored to their respective community's needs.



Public hearings, such as this one hosted by the City of Lake Forest Park, are an important framework used by cities to develop their short-term rental regulations. RECHILDA ALLAN

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