



CHELAN COUNTY

DEPARTMENT OF COMMUNITY DEVELOPMENT

316 WASHINGTON STREET, SUITE 301, WENATCHEE, WA 98801

TELEPHONE: (509) 667-6225 FAX: (509) 667-6475

September 17, 2020

TO: Planning Commission

FROM: Jim Brown, Director

SUBJECT: **PACKET--REMAND OF SHORT TERM RENTAL CODE DRAFTING**

This packet of materials contains:

Exhibit (2):

A: STR Written Comments from the morning of September 10 to September 16, 2020 close at 5 PM.

B: STR Locations and History Document prepared by Berk Consulting at the request of PCC Ed Martinez. It is used to accompany a link to a dashboard to search for STR locations and numbers data pulled from the AirDNA data we have been referring to.

There will be no more materials before next week, nor any new comments taken (now closed) before the upcoming meeting on Wednesday, September 23.

As stated in the September 9 public hearing, you reopened a written comment period again at the hearing for 7 days, and that window is closed.

Your "deliberation" (and editing) meeting is scheduled for September 23 and you can decide if you need any additional comments, though not required. I would suggest a preliminary discussion about "how" you want to review the code. I will be prepared to "walk" through the code, *or* go to a particular section, *or* however else you choose to proceed.

I would ask that you consider in advance *which* process you would like to have presented and then discuss and pick a process at the front end of that meeting. I look forward to working with you to refine this draft code and will take whatever steps you wish in order to make for an orderly process.

Exhibit A

Wendy Lane

From: Kirvil Skinnarland <runofchelancnty@gmail.com>
Sent: Wednesday, September 16, 2020 4:56 PM
To: CD STRComment
Subject: RUN comments on July 9th code

External Email Warning! This email originated from outside of Chelan County.

Residents United for Neighbors (RUN) sent this mark up of the July 9th draft of the STR code as an attachment to the email we sent earlier this week but it isn't appearing on the record of comments. So we are sending it again.

RUN COMMENTS ON PLANNING COMMISSION'S DRAFT SHORT TERM RENTAL CODE

September 3, 2020

The following are the latest comments by the RUN Steering Committee on the Planning Commission July 9th draft of the STR ordinance.

Line 113 11.04.020 DISTRICT USE CHART

P — Permitted use

P(1) — Permitted use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards

P(2) — Permitted use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards, except for on parcels that are twelve thousand square feet or smaller, the use/structure must be located on a lot with an existing single family residence

P(3) ~~On lots 2.5 acres or smaller the short term rental shall sunset within 5 years of XXX [effective date]~~
Temporarily permitted non-conforming- use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards. On lots smaller than 8 acres, the short term rental shall sunset by October 1, 2021.

A — Accessory use A(1) — Accessory use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards

CUP — Conditional use permit

District Use Chart

USE	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
TIER 1	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(2)			CUP	CUP	CUP
TIER 2	CUP	CUP	P(3)	P(3)	P(3)	P(3)	P(3)	P(2)			CUP	CUP	CUP
TIER 3	CUP	CUP	P(3)	P(3)	P(3)	P(3)	P(3)	P(2)			CUP	CUP	CUP

NEW SECTION TO BE ADDED TO CHAPTER 11.93 (CONDITIONAL USE PERMITS)

Short Term Rentals:

1. All Tier 2 and Tier 3 short term rentals must be directly accessible by a: freeway/expressway, Urban/Rural Minor Arterial, Urban/Rural Major Collector or an Urban/Rural Minor Collector. Access cannot be via Local Streets through residential neighborhoods. A property can be accessed by a private road dedicated solely to use by the owners and their guests as long as it connects directly to a Collector, Arterial or Freeway. (Reference Table 1. Roadway Functional Classification, Transportation Element of the Comprehensive Plan.)
2. For all Tier 3 short term rentals, either the Owner or the Qualified Person (see Code 11.88.280) must visit the site on a daily basis to ensure that the guests are complying with the provisions of this chapter, the CUP and the short term rental permit.
3. No Tier 2 and Tier 3 short term rental can be located within 1000 feet of another single family or multi-family residence.

Note: The rationale for the shortened sunset period is that STRACC, its members and other STR owners have had ample notice that regulations were coming. The County released drafts and the Planning Commission held public hearings on draft STR regulations in the summer of 2019. The immediate crisis in the housing market and the impacts on neighborhoods must be balanced against consideration given to STR owners in the form of some period for amortization. STR owners can sell or convert their houses to long term rentals.

- **Lines 175- 186 -- TIERS –DEFINITIONS**

- Tier 1 rentals owners must live on site in a legal dwelling during the period of any rental (either in the primary house or a legal ADU), not in a trailer, RV, garage, or temporary or mobile unit (see also lines 261-264).
- Rental on an adjacent property should not be allowed to be counted as a Tier 1 STR. This is a big loophole. One property owner could buy several lots withing 200 feet of his home and create a STR cluster in the neighborhood
- Line 180 -- Tier 1 owners must be present for all rentals

- **Line 195 --TIER 1 ALLOWED IN PUD OVERLAYS AND MASTER PLANNED RESORTS**

- Only 5% of the units should be allowed to be any form of STR. One of the opportunities in PUDs is the provision of affordable housing.

- **Line 231 – Existing Short Term Rentals**

- Line 232 E i (a) – We do not believe that any existing short term rental should be considered lawfully established and existing. The current County code does not allow Tier 1, Tier 2 or Tier 3 rentals. **Do not give them a property right.** It will only complicate the sunset process. All short term rentals except B&Bs should be considered temporarily allowed, non-conforming uses. Tier 1 rentals will become conforming when they obtain permits under the new system. Tier 2 and Tier 3 all will be phased out (sunset) except in zones RC, RR20 or RR10 (with lots size greater than 8 acres) but they will need to obtain short term rental permits and possibly also CUPs.

- Line 237 Section E ii (b) – Only units that obtained an occupancy permit as of **October 1, 2019** should be considered “existing, temporary, non conforming short term rentals”. (Rationale: The County’s first draft of a short term rental code was released in July 2019 so owners have had plenty of time to anticipate that there would be regulations. They can switch to long term rentals or sell. We don’t feel that investors who have rushed to buy and/or convert houses to STRs in residential zones should be given a 5 year amortization period.)

- Line 250 Section E iii – Change language from 2 years to a sunset of **October 1, 2021**. (Only STRs that existed on September 20, 2019 should be allowed any amortization period.)

- Line 258 Section E (should be iv) -- **All non-conforming STRs will sunset by October 1, 2021** since owners have the option of switching to long term rentals. (A 5 year amortization period is way too long. Our housing crisis must be addressed sooner. And neighbors should not have to wait 5 more years for Tier 2 and Tier 3 type rentals to sunset.)

- **Line 260 SHORT TERM RENTAL STANDARDS – 11.88.280 (3)**

- Line 265 -- Overnight occupancy for Tiers 1 and 2 should be limited to 10. For Tier 3, it should be 25. (Tier 1 rentals of more than 10 people are not compatible in rural residential zones. And, allowing more than 25 in Tier 3 in an unsupervised setting raises a host of public safety issues—uncontrolled parties, drinking, fire risk, etc.)

- Line 271 -- Exceeding Occupancy– This should be eliminated. Applicants should apply for Tier 3 in the zones where they are allowed.

- New Standard-- The maximum number of bedrooms allowed must correspond exactly to the number of bedrooms specified in the septic permit and building permits.

- New Standard-- Outdoor fire pits and similar outdoor fire or cooking devices must be locked during burn bans.

- New Standard -- Amplified outdoor music is prohibited at any time.

- **Line 426 TRANSFERS OF PERMITS – 11.88.280 (4) I**

- Line 426. STRs are now illegal. No transfer of permits should be allowed. Again this provision implies that the existing owner has a property right that can be transferred. Allowing transfer of permits will slow down the phase out of non-conforming STRs.

- All owners/officers of STR owned by LLC must be publicly listed. No blind LLC's permitted.

- **Line 464 DEFINITIONS 14.98**

- Line 469. The definition of bedroom is not in compliance with the IRC which provides definitions for rooms and habitable spaces. The IRC specifies every sleeping room must have an operational emergency escape—either a window or door to the outside. Bedroom must be defined as the number of legal bedrooms designated on both septic permit and building permits. The County may expose itself to liability in case of a fire if a guest is unable to escape the house.

- **Line 493 ENFORCEMENT 16.20**

- This section needs work as it is unclear how the County will document “repeated failure of the owner or operator to respond to complaints relayed by code compliance officers” and how this relates to the complaints registered by neighbors with the Qualified Person (Line 313). Calls by neighbors to the Qualified Person must be registered, tracked and investigated by the County.

Other recommendations:

1. Fees must be set at a level to completely fund administration of the permit system and enforcement. These fees should be funneled into a dedicated account that cannot be used for other purposes.

2. The task force needs to include representatives who can speak to the affordable housing crisis. There are two major issues driving the need for regulations: need for affordable housing for residents and destruction of the integrity of residential neighborhoods.

3. The County should consider limiting the number of STRs that can be owned by one person or LLC. Please see the language in the Okanogan code:

5.06.050 Restrictions: Only one dwelling may be rented per owner. Each property owner may rent only one nightly rental regardless of the number of properties owned.

Wendy Lane

From: Annie L. Robertson <AnnieR@JDSALaw.com>
Sent: Wednesday, September 16, 2020 4:50 PM
To: CD STRComment
Subject: NCWAR Position Paper; Economic Impact Study
Attachments: NCWAR - STR Issues Position Paper.pdf; Chelan STR Economic Impact Report 2.0.pdf

External Email Warning! This email originated from outside of Chelan County.

Good Evening,

This firm represent the North Central Washington Association of Realtors®. Attached please find a comments regarding Chelan County's proposed regulation of short term rentals as well as an Economic Impact Study, submitted on behalf of NCWAR with the support of the Northwest Multiple Listing Service and the Washington REALTORS®.

Sincerely,

Annie Robertson

Annie L. Robertson

Partner

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Introduction

The North Central Washington Association of Realtors® (“NCWAR”) offers the following comments regarding Chelan County’s proposed regulation of short term rentals. NCWAR is the voice of real estate in North Central Washington, representing real estate professionals, facilitating real estate transactions, and providing education in the real estate industry. One of NCWAR’s objectives is to further the interests of real property ownership. NCWAR believes it is important to promote and protect home ownership and investments in real property.

NCWAR, with the support of the Northwest Multiple Listing Service and the Washington REALTORS®, offers these comments regarding: (1) the Chelan County Board of Commissioners Resolution No. 2020-86 (the “*Moratorium*”), which imposes a moratorium on the designation, permitting, construction, development, expansion, remodeling, creation, locating, and siting of short term rental uses, structures, residences, businesses, lots, zones, and buildings, and (2) the proposed Chelan County Short-term Rental Regulations (the “*Draft Regulations*”).

The Moratorium (Resolution 2020-86)

Chelan County Commissioners’ Resolution 2020-86 (the Moratorium), which went into effect for a six-month period commencing August 25, 2020, has already had, and will continue to have, a substantial and adverse impact on residential real estate purchase and sale transactions. Some pending transactions to convey properties currently used as, or intended to be used as, short-term rental properties, will be canceled or rescinded as a result of the Moratorium. NWCAR estimates the financial loss of these failed sales will exceed \$300,000 in lost Real Estate Excise Tax revenue alone.¹ There will also be a much larger financial impact to buyers and sellers, not to mention the loss to the real estate professionals who brokered these transactions and are compensated only if the sales close. Failed transactions, as well as transactions that never occur, also adversely affect lenders and title and escrow professionals, who are also compensated only if transactions close. These losses, of course do not include the losses to the many others who depend on real estate transactions such as appraisers, inspectors, photographers, and other providers of products and services ancillary to real estate transactions.

In addition to the financial losses to individuals associated with pending transactions, the Moratorium will have an immediate and significant impact on the local economy, at a time when it is facing record-high unemployment. Because of the prohibition on improvements to existing short-term rental homes and the chilling effect on the construction of new homes, it is likely that the Moratorium will result in the loss of millions of dollars’ of lost economic value directly affecting the local workforce and related suppliers. And, while rescheduling may occur for some of these jobs after the expiration of the Moratorium, the fact is that market conditions and the permitting process will result in even further delays, resulting in far more consequences than a simple six month delay. As the local economy struggles to stay afloat amid an unprecedented global pandemic, NWCAR believes the Moratorium is an unnecessary burden to impose on the local economy in these challenging times.

Finally, and importantly, the Moratorium significantly, and NWCAR believes unconstitutionally, curtails property rights and diminishes the value of investments that have already been made, in some cases years ago, or are currently underway. The affected property owners invested significant time and expense into these

¹ In 2019, Chelan County received in excess of \$3.9 million in real estate excise taxes. See https://dor.wa.gov/sites/default/files/legacy/docs/reports/2019/Tax_Statistics_2019/Table9.pdf. Given the increase in housing prices and sales, coupled with the likelihood that at least 15% of pending Purchase and Sale Agreements will be cancelled due to the Moratorium, the County could lose up to \$50,250 for each month the Moratorium is in effect.

projects in reliance on their ability to use their properties as short-term rentals upon completion of the projects. With the Moratorium in effect, these owners may lose all, or a significant portion of, their investments.

For these reasons, NCWAR respectfully requests that the Board of Commissioners rescind the Moratorium all together or narrow its scope significantly.

The Proposed Short-term Rental Regulations

NCWAR understands the importance of regulating short-term rentals and supports the County's efforts in that regard. NCWAR believes the County can effectively mitigate potential adverse impacts of short-term rentals and simultaneously support an industry important to the County's economy and individual property rights. In fact, NCWAR supports many of the proposed regulations, but objects to those that unnecessarily damage the economy and infringe unreasonably on well-recognized property rights.

Constructive Regulations

NCWAR supports the following provisions in the Draft Regulations:

- Requiring certain nightly rental operators to obtain a permit specific to their operations.²
- Requiring a local point of contact available to respond to complaints, nuisances, or other issues within 60 minutes.³
- Imposing graduated sanctions for violations, including fines and suspensions of operations culminating in forfeitures in extreme cases.⁴

These regulations would help to preserve neighborly relations and provide homeowners with a means to address infrequent misconduct by guests of short term rentals and would actually be of benefit to the industry, neighboring property owners, and guests alike. These nuisance concerns are not to be taken lightly as they are concerns shared by all property owners, including responsible short-term rental owners. However these concerns are best addressed through compliance requirements and an enforcement regime similar to that described above.

For the same reasons, NCWAR further agrees with the following operating rules and requirements as set forth in the Draft Code:

- Parking standards.⁵
- Occupancy restrictions on the number of guests per bedroom.⁶
- Noise standards.⁷
- Creation of rental rules/a property management plan governing quiet hours, trespass prohibitions, fire safety guidelines, and the like.⁸
- Qualified person able to respond to the property within 60 minutes.⁹
- Posting signage with contact information for the qualified person.¹⁰
- Following good neighbor guidelines.¹¹

² Draft Code 11 93 450.

³ Draft Code 11 88 280(3)(J).

⁴ Draft Code 16 20 030(2); Draft Code 16 20 030.

⁵ Draft Code 11 88 280(3)(C).

⁶ Draft Code 11 88 280(3)(B)(i).

⁷ Draft Code 11 88 280(3)(E).

⁸ Draft Code 11 88 280(3)(F), (I), (K).

⁹ Draft Code 11 88 280(3)(J).

¹⁰ Draft Code 11 88 280(3)(G).

¹¹ Draft Code 11 88 280(3)(M).

With each of the foregoing implemented, NCWAR believes the concerns of certain neighbors and the County can be addressed through responsible and manageable enforcement of short-term rentals, without the need for diminution of individual property rights.

Unreasonable Regulations

NCWAR objects to the following proposed portions of the Draft Regulations because they are unnecessary to address any adverse impact of short term rentals and unreasonably infringe on property rights:

- Terminating the right to operate as a nightly rental on lots less than 2.5 acres in RR2.5, RW and RV after 5 years.¹²
- Terminating the right to operate as a nightly rental three years following a change of ownership.¹³

Washingtonians have important and long-recognized real property rights, including the right to rent their property to others.¹⁴ Owners currently engaged in nightly rental operations have vested rights in their continued ability to rent their properties to others, and these owners have undertaken leasing activities in reliance on an unregulated regime. A sunset of their rights to operate in this manner will take away their established property rights. As such, NCWAR requests that Chelan County adopt a regime that grandfathers in all currently existing nightly operations without any 5-year sunset (on lots less than 2.5 acres in RR2.5, RW and RV) or other forfeiture of rights to operate as a nightly rental.

In addition to these well-recognized property rights, in Chelan County, land use permits and licenses run with the land.¹⁵ As such, each nightly rental owner should be allowed to convey their operating rights to any property purchasers without a one-time limit or a 3-year sunset following a change in ownership. Carving out an exception for the short-term rental permits is inconsistent with the other provisions of the Chelan County Code and, when viewed in light of the enforcement mechanisms described above, an unnecessary burden on property owners without any additional benefit. Rather than imposing any 5-year or 3-year sunset provisions, NCWAR believes the County could better address the nuisance issues associated with a small minority of short-term rental operations by the enforcement mechanisms described above, rather than curtailing the property ownership of the majority of short-term rental operations, who have responsible operations and do not garner similar complaints.

If Chelan County decides to continue with the 5-year and 3-year sunset provisions as currently proposed – or with any other forfeiture of a property right – then we respectfully request that Chelan County publish its analysis conducted under RCW 36.70A.370 (Protection of private property).¹⁶

Additional Information and Considerations

In addition to the considerations set forth above, NCWAR also encourages Chelan County to consider the impact its proposed regulations will have on the local economy. The attached study dated September 2020, titled “**Economic Impact of Short Term Rental Properties in Unincorporated Chelan County**” (the “*Economic Impact Study*”), has pertinent information that we ask the County to consider at this time. Specifically, we request the County consider the local economic impact that a 50%+ reduction in nightly rental operations would have on the County as a whole. There are currently an estimated 1,714 vacation rental units in unincorporated Chelan County; with the sunset provisions described above, the Draft Code could eventually reduce the number of existing units by more than half, resulting in unforeseen economic impacts beyond the impact on the individual property owner. This consideration is especially acute as our nation is currently in a

¹² Draft Code 11 88 280(2)(E)

¹³ Draft Code 11 88 280(4)(I)

¹⁴ See, e.g., *Buchanan v. Warley*, 245 U.S. 60, 38 S.Ct. 16 (1917); *Ackerman v. Port of Seattle*, 55 Wn. Wash.2d 400, 409, 348 P.2d 664 (1960).

¹⁵ See, e.g., Chelan County Code 11 93 080.

¹⁶ This statute requires local governments to evaluate all proposed regulations, such as the proposed regulations, to assure regulatory actions do not result in an unconstitutional taking of private property.

recession with record-high unemployment. Among many other things, a thriving economy underlies the ability of most Americans to buy or invest in real estate.

As shown in the Economic Impact Study, nightly rentals have a significant economic impact in Chelan County, including:

- Many nightly rental operations in this area provide living wage employment opportunities to maintenance, cleaning, and other service personnel, generating up to **\$42 million in wages** and over **1,400 jobs**. Some local operators estimate as much as 40% of their profits going back to local personnel.
- Nightly rental operations provide the average owner an estimated average of **\$34,000 in gross rental income**. Many owners are independent operators, including retired citizens and small business owners.
- Patrons in the Chelan and Manson unincorporated areas were estimated to have spent over **\$1,200 per night** in addition to their STR rental fees.
- Unincorporated areas generated a total of about **\$108 million in direct economic activity** and another **\$45 million in indirect activity**.
- Spending by patrons of STRs in unincorporated areas generated nearly **\$830,000 in general sales taxes for Chelan County**, which is about 10 percent of total general sales tax collections. That spending also generated about **\$622,000 each for the two-county transit agency** and for a group of smaller agencies that collect sales tax.
- Rental fees for STRs in unincorporated areas generated **\$2.3 million in lodging taxes**, which are used to enhance the visitor industry across the county.

In sum, the short-term rental industry plays a significant and vital role to the local economy. Before the County enacts any proposed regulations that may reduce or eliminate the continued operation of these businesses, NCWAR asks the County to fully digest the Economic Impact Study to better understand the impact these regulations may have in order to implement a reasonable and effective enforcement regime for short-term rentals to operate under.

Conclusion

The fact is that Chelan County is blessed with some of the most appreciated vacation venues in the Country, such as Leavenworth and Chelan. Short-term rentals often best meet the needs of many of those vacationers. Eliminating or curtailing short term vacation rentals will exclude many vacationers who are vital to the economies of those local communities. Limiting vacation rentals is to deny reality – Leavenworth and Chelan are destination vacation venues of statewide value. Restricting vacation rentals will not change that fact, but will instead limit those who can afford them at the expense of local economies and constitutionally protected property rights.

NCWAR thanks you for your further consideration of these issues, and look forward to working with you as they are addressed.

Economic Impact of
Short Term Rental Properties
in Unincorporated Chelan County

September, 2020



P.O. Box 15 | Medina, Washington 98039 | 206-295-7123

Economic Impact of Short Term Rental Properties in Unincorporated Chelan County

Summary of Findings

This paper provides an overview of the economic impact of short term rentals (STRs) on Chelan County. It is focused on rentals located in the unincorporated parts of Chelan County, although the impacts are mostly seen on a countywide basis. Following are key findings. Between September 1, 2019 and August 31, 2020:

- 1,714 properties in unincorporated Chelan County that were listed by Airbnb, VRBO and/or HomeAway, had at least one night of paid visitor activity.
- Rental rates across the unincorporated areas averaged \$362 per day. The highest average rates were in the areas adjacent to the city of Chelan, at \$491 per night, and the lowest rates were adjacent to Cashmere, at \$133 per night.
- The average STR was rented out for 94 nights in the past year, and the owner earned an average of about \$34,000 in gross rental income.
- The patron of the average STR spent an additional \$560 per party per day, with \$235 spent on food and beverage services, \$101 spent on recreation and \$224 spent on retail.
- Patrons in the Chelan and Manson unincorporated areas were estimated to have spent over \$1,200 per night in addition to their STR rental fees.
- STRs in unincorporated areas generated a total of about \$108 million in direct economic activity, and another \$45 million in indirect activity.
- STRs generated about \$42 million in wages and supported over 1,400 jobs.
- Spending by patrons of STRs in unincorporated areas generated nearly \$830,000 in general sales taxes for Chelan County, which is about 10 percent of total general sales tax collections. That spending also generated about \$622,000 each for the two-county transit agency and for a group of smaller agencies that collect sales tax.
- Rental fees for STRs in unincorporated areas generated \$2.3 million in lodging taxes, which are used to enhance the visitor industry across the county.

Introduction

This paper provides an overview of the economic impact of short term rentals (STRs) on Chelan County. It is focused on rentals located in the unincorporated parts of Chelan County, although the impacts are mostly seen on a countywide basis. Following the data and methodological sections, the paper covers four areas.

STR activity. The scope of STR activity is described for both unincorporated and incorporated areas. This is based on data collected from listings by Airbnb, VRBO and HomeAway. The data covers at least 90 percent of STR properties.

Visitor spending. Estimates are provided for spending by visitors who have rented STRs in unincorporated Chelan County. Spending estimates are provided for (a) food and beverage services; (b) entertainment and recreation activities; (c) retail.

Economic impact analysis. The STR rental activity and visitor spending data are analyzed to derive estimates for total economic impact of STRs located in unincorporated areas. The impacts are countywide, and cover total economic output, labor income and job generation that result from the STR activity in unincorporated areas.

Tax impact analysis. Estimates are provided for the sales tax and lodging taxes generated by STR activity in unincorporated areas that are collected by Chelan County and several agencies that have countywide taxing authority.

Economic impact analyses are based on a number of assumptions, each of which can have a substantial effect on the final estimates. Every effort has been made to use conservative assumptions, so it is likely that the estimates provided here form a lower bound for the actual impacts.

Geographic Scope

This report estimates the economic impact of short term vacation rentals that are located in unincorporated areas of Chelan County. Geographic scope is as follows:

Property counts and activity measures

The 2,639 properties included in the report all had revenue from at least one visitor-night from September 1, 2019 through August 31, 2020. Figure 1 lists basic data for these properties by eight market areas. Cities lie within five of these market areas, and properties are broken out by city and unincorporated areas.

Visitor spending

Visitor spending on lodging and other expenses is estimated only for properties located in unincorporated areas.

Economic impact

The total economic impact of the spending by visitors renting properties in unincorporated areas is estimated for the entire county.

Tax impact

The total tax revenue impact of the spending by visitors renting properties in unincorporated areas is estimated for the Chelan County government and for other countywide agencies that have sales tax authority.

Data Sources and Notes

Short term rental property activity

The data for the number and activity for STR properties comes from AirDNA, a data service that mines information from the websites of Airbnb and VRBO (which includes HomeAway). AirDNA estimates that about 90 percent of STR properties are listed on one or both of these services. AirDNA provides listings of all active properties in a market area, and includes detailed data on rental activity, rental rates, fees and occupancies.

AirDNA listings for Chelan County are divided into eight market areas: Cashmere, Chelan, Entiat, Leavenworth, Malaga, Manson, Peshastin, Wenatchee. The AirDNA listings do not specify whether the unit is located within a city. Each listing includes latitude and longitude coordinates which were used to identify which units are in cities and which are in unincorporated areas.

When reading this report, remember that it does not cover all STRs in Chelan County, but only those listed on Airbnb, VRBO/HomeAway. Thus, it understates activity to some extent.

Visitor spending

No recent visitor spending surveys were identified for all of Chelan County, so it was necessary to develop estimates of spending from other data. Estimates of visitor spending were derived from tourism spending data provided by the U.S. Bureau of Economic Analysis Travel and Tourism Satellite Account. From this data, for three categories—food and beverage service, entertainment and recreation, retail—we calculate the ratio of spending on each category to spending on lodging. These ratios were then applied to the average rental rates for STRs in the unincorporated areas of each market area.

It is assumed, therefore, that visitors will spend about the same proportion of their travel budget on each category, no matter the size of that budget. These ratios are based on national data, so some caution is advised.

Tax revenue impacts

Tax revenue impacts were calculated from sales and lodging tax rates provided by the Washington State Department of Revenue. Tax revenue estimates are based on the following assumptions:

- Chelan County collects sales tax (1.8 percent combined rate) and lodging tax (4 percent) on units located in unincorporated areas, and that tax revenue is listed.
- About 12 percent of taxable retail sales (NAICS 44 and 45) in Chelan County occur in unincorporated areas and are subject to the county's full combined local tax rate of 1.8 percent.
- About 88 percent of taxable retail sales in Chelan County occur in cities, and Chelan County government receives 0.15 percent sales tax on those purchases.
- Several agencies with countywide sales tax authority receive sales tax from all properties.

Economic Impact Methodology

The core of economic impact analysis is the determination of the effect of the injection of new money from outside the geographic area under consideration. Any geographic area—a county in this case—has two kinds of economic activity. “Primary” activity, also known as the economic base, brings new money into the area from outside. That money is then circulated by businesses and consumes within the area in the “secondary” economy.

Economic impact analysis estimates the effects of new activity in the primary economy on the secondary economy. These estimates can be made in a number of ways. This report uses multipliers that are applied to primary activity to generate estimates of total activity (primary plus secondary). The multipliers used in this report were developed by the U.S. Bureau of Economic Analysis for its Regional Input-Output Modeling System (RIMS II) and are specific to Chelan County.

Spending by visitors from outside the county is considered a primary economic activity. Each type of spending—lodging, food and beverage service, entertainment and recreation, retail—has its own multiplier, which is then applied to spending in that category. Estimates are provided for the following economic impacts, as shown below in Figure 3.

- Total output. This is the total dollar value of all economic activity, including the new primary activity and the resulting secondary activity.
- Total labor income. This is the total dollar value of wages paid to workers in primary and secondary activities in the county as a result of the total output.
- Total jobs. This is the total number of new jobs created in the county by both the primary and secondary activities.

Note that the economic impacts on the secondary economy apply to the entire county, whether in incorporated or unincorporated areas, whereas the primary activity being measured consists only of STRs in unincorporated Chelan County.

In calculating the economic impact of STRs, we assume that most of the units are owned by people who do not live in Chelan County. Without a thorough review of ownership we cannot have an accurate count of how many units are owned by local investors, but given the number of units that show large numbers of blocked out dates (when the owners, presumably, are using the unit for their own vacations) we know that the great majority of units are not locally owned. To account for the economic impact of unit ownership, we make three assumptions.

- 10 percent of units are assumed to be owned by Chelan County residents, and all rental revenue from those units stays in the county.
- Locally owned units realize a net of 30 percent of gross rental income after paying management and ownership expenses (interest, taxes, insurance, maintenance).
- For the units not owned by Chelan County residents, we estimate that 14 percent of gross revenue is retained in Chelan County in the form of management fees. All cleaning fees are assumed to be retained in Chelan County.

Short term rental activity 2019-2020

Short term rental activity in Chelan County has grown significantly in recent years. Figure 1 shows activity booked through Airbnb, VRBO and HomeAway for the 12 months from September 1, 2019 through August 31, 2020.

Figure 1 Short Term Rental Activity In Chelan County

Market Activity* Sept 1, 2019 through August 31, 2020

Market Area	Units with revenue	Nights occupied	Average daily rate**	Total annual revenue
Cashmere				
City	5	542	\$209	\$113,048
Unincorporated	37	4,396	\$133	\$586,626
Chelan				
City	517	42,260	\$295	\$12,462,893
Unincorporated	146	8,516	\$491	\$4,180,247
Entiat				
City	1	100	\$84	\$8,350
Unincorporated	8	460	\$183	\$84,178
Leavenworth				
City	305	27,268	\$281	\$7,651,520
Unincorporated	1,026	111,612	\$345	\$38,484,226
Malaga				
	6	569	\$177	\$100,535
Manson				
	367	24,542	\$488	\$11,970,090
Peshastin				
	63	6,584	\$296	\$1,951,380
Wenatchee				
City	97	8,111	\$120	\$975,095
Unincorporated	61	5,226	\$214	\$1,120,843
Incorporated total	925	78,281	\$271	\$21,210,906
Unincorporated total	1,714	161,905	\$361	\$58,478,125
Countywide total	2,639	240,186	\$332	\$79,689,031

*Units listed through Airbnb and/or VRBO-HomeAway

**Includes cleaning fees

Source: AirDNA

65 percent of the listed units that had revenue during the past year were located in unincorporated Chelan County. 67 percent of unit-nights and 73 percent of total revenue were realized in unincorporated areas. The city of Chelan has about 20 percent of the units in the county, with about 80 percent of the Chelan City inventory consisting of apartments, condominium and resort properties.

The most expensive properties are found in the unincorporated areas around Chelan and in Manson. Average daily rents approach \$500 in these areas, with the most expensive property in the county—a 7,200 square foot house on Moonlight Bay—listed for \$2,794 per night, with a cleaning fee of \$995.

The total rental fees (including cleaning fees) collected from the properties in unincorporated Chelan County for the most recent 12 month period add up to \$58.5 million. This is up from \$52 million in calendar year 2019. The Washington State Department of Revenue reported about \$127 million in taxable sales of accommodations (NAICS 721) in all of Chelan County for calendar year 2019. Thus, STR sales in unincorporated Chelan County accounted for about 41 percent of all accommodations sales in the county in 2019. Total countywide sales of STRs in both cities and unincorporated areas accounted for 56 percent of all accommodations sales in the county in 2019.

Estimated Visitor Spending

The economic impact of STRs derives from the combination of rental income and visitor spending. Absent a recent comprehensive visitor spending survey that covers the diverse markets of the county, it is necessary to estimate visitor spending, as noted above. Figure 2 shows estimates of visitor spending by STR patrons in the past 12 months by market area. The estimates cover only spending by parties renting units in unincorporated areas, but most of the spending will take place in cities.

Figure 2 Estimated Visitor Spending by STR Patrons Unincorporated Chelan Co.

Based on Market Activity Sept 1, 2019 through August 31, 2020

Market Area	Average daily rental rate	Estimated daily visitor spending per party			Total daily visitor spending	Total all spending per day
		Food & beverage service	Entertain & recreation	Retail		
Cashmere	\$133	\$87	\$37	\$83	\$207	\$340
Chelan	\$491	\$319	\$137	\$304	\$761	\$1,252
Entiat	\$183	\$119	\$51	\$113	\$284	\$467
Leavenworth	\$345	\$224	\$97	\$214	\$534	\$879
Malaga	\$177	\$115	\$49	\$110	\$274	\$451
Manson	\$488	\$317	\$137	\$302	\$756	\$1,244
Peshastin	\$296	\$193	\$83	\$184	\$459	\$756
Wenatchee	\$214	\$139	\$60	\$133	\$332	\$547
Total all markets	\$361	\$235	\$101	\$224	\$560	\$921

Sources: AirDNA, U.S. Bureau of Economic Analysis, author's calculations

Economic Impact of STR Rental and Visitor Spending

Figure 3 shows the estimated economic impacts of all spending by patrons of STRs. See methodological notes above.

Figure 3 Economic Impact of Short Term Rentals In Unincorporated Chelan Co.

Based on Market Activity Sept 1, 2019 through August 31, 2020

	Annual direct output	Annual total output	Total labor income	Total jobs
Net lodging	\$1,523,976	\$2,076,874	\$480,967	12
Cleaning fees	\$7,678,935	\$11,555,261	\$4,784,744	152
Management fees	\$8,110,159	\$11,052,524	\$2,559,566	65
Food & beverage serv	\$37,991,011	\$54,076,406	\$15,002,650	519
Entertain & recreation	\$16,365,359	\$24,065,260	\$6,367,761	253
Retail	\$36,237,580	\$50,051,346	\$12,951,311	404
Total	\$107,907,020	\$152,877,671	\$42,147,000	1,404

Sources: AirDNA, U.S. Bureau of Economic Analysis, author's calculations

Most of the impact comes from visitor spending, since the great majority of units consist of entire homes that are owned by people living outside of Chelan County. Figure 3 breaks out an estimate of the cleaning fees and management fees, assuming that nearly all of that revenue would stay in Chelan County in the form of wages and fees paid to contractors.

By these estimates, the STRs in unincorporated Chelan County generate around \$153 million in annual economic activity in the county. The U.S. Bureau of Economic Analysis estimates the gross domestic product (GDP) of Chelan County at about \$4.7 billion. The economic activity of STRs in unincorporated Chelan County accounts for about 3 percent of the county's GDP.

To put this in perspective, the direct output of about \$100 million is larger than the county's information sector, transportation sector or durable goods manufacturing sector. It is about equal to the non-durable goods manufacturing sector, which includes the food processing industry.

Figure 3 estimates that spending by patrons of STRs is responsible for over 1,400 jobs. The state Employment Security Department reports about 44,000 covered jobs in the county in 2019, so the STR sector accounts for about 3 percent of the county's employment.

Tax Revenue Impact of Visitor Spending

The economic activity associated with STRs throws off a variety of tax revenue streams. Figure 4 shows sales and lodging tax revenue received by Chelan County for lodging and visitor spending, based on rental activity from September 1, 2019 through August 31, 2020. It also shows the estimated sales tax paid by workers living in the county whose earning derive from the STR business.

Fig 4 Tax Impacts of Short Term Rentals In Unincorporated Chelan Co.

Based on Market Activity Sept 1, 2019 through August 31, 2020

	Total taxable	County sales tax	Public Transit sales tax	Other Countywide sales taxes	County lodging tax
Unit rental fees	\$58,478,125	\$584,781	\$233,913	\$233,913	\$2,339,125
Visitor spending	\$81,534,555	\$205,467	\$326,138	\$326,138	
Worker spending	\$15,594,390	\$39,298	\$62,378	\$62,378	
Total		\$829,546	\$622,428	\$622,428	\$2,339,125

Sources: AirDNA, Washington State Department of Revenue, author's calculations

The county's 4 percent lodging tax applies to all rentals in the unincorporated areas and goes entirely to the county for its lodging tax fund. Sales tax charged on rentals goes entirely to the county general fund (1 percent) to Link Transit (0.4 percent) and several other countywide special funds (combined 0.4 percent)

Sales taxes on other visitor spending are more complicated. First, not all spending is taxable. Most notably, food purchases at grocery stores are not taxable. The estimates assume that 10 percent of all visitor spending is non-taxable.

Second, although we are considering spending by visitors staying in unincorporated areas, most retail, food service and entertainment spending will occur within city limits and the sales taxes will be remitted to the city. According to the Department of Revenue, about 12 percent of taxable retail sales in Chelan County take place in unincorporated areas, so we attribute 12 percent of regular sales tax revenue (at the 1 percent rate) from visitor spending to Chelan County itself. For the other 88 percent of spending that occurs in cities, counties collect 0.15 percent regular sales tax on those sales.

Sales taxes on visitor spending that are collected by the transit agency and other countywide agencies go entirely to those agencies, each at a rate of 0.4 percent.

In all, spending by visitors to STRs generates about \$829,000 for the county, which is about 10 percent of its sales tax revenue for the year. This spending also generates about \$622,000 for the transit agency and the other agencies combined. Lodging tax should bring about \$2.3 million into the county lodging tax fund.

Conclusion

The short term vacation rental market has emerged as an important source of economic activity in places such as Chelan County that have attractive visitor features and limited hotel properties. They stimulate the market for vacation properties by making such properties more affordable through rental income. While most STR properties are owned by people outside the county, and therefore much of the rental income itself leaves the county, visitor spending is robust and provides hundreds of jobs in the county.

STRs also stimulate the balance of the visitor industry. Spending on STR rentals constitutes over half of countywide accommodation sales, so the spending by patrons of STRs may as much as double the size of the non-accommodation tourism sector. When vacation properties are occupied for more of the year, local retailers, restaurants and other services have a more stable customer base.

This report was prepared by Michael Luis. 206-295-7123. luisassociates@comcast.net

Wendy Lane

From: Sean Lynn <sean@loveleavenworth.com>
Sent: Wednesday, September 16, 2020 4:43 PM
To: CD STRComment
Subject: Comments for September 9th PC Hearing

External Email Warning! This email originated from outside of Chelan County.

Dear Sirs and Madams,

There is an important and relevant fact that has not been discussed to my knowledge during the 2019 or 2020 workshops by the PC when discussing STR's. For the record and as a point of evidence for future discussions I would like to shine a light on the fact that taxes have been remitted to Chelan County by STR individual homeowners, property managers and online travel agencies such as Airbnb and VRBO for at least 10 years and likely many, many more.

It is my opinion that the collection and spending of taxes by the County poses some issues:

- If the County knowingly accepted and spent lodging tax monies remitted by STRs for an "illegal" or unauthorized activity would the County be required to refund such payments?
- It is my opinion, that by accepting the lodging tax revenue that the County has indeed acknowledged that renting out homes on a short term rental basis is currently and was an acceptable use of a residence within unincorporated Chelan County with the exception of the Manson UGA.
- If you do not "grandfather" or create a legal non conforming use designation in STR code for existing STRs this basically sets the stage for a County that has knowingly accepted and spent millions or tens of million of dollars of lodging funds from illegal enteties.

Quite the conundrum in my opinion.

I do not oppose regulations of STR's in Chelan County and I, more than any of you would like to see an end to what appears to be an endless draft code process. I have attended every hearing on this process and am involved, fair and truly compassionate for those negatively impacted by STRs. I am of the opinion that between procedural issues and the lack of "grandfathering" all existing STR's is setting the county up for years of litigation as is occurring across our nation. As a successful property manager of STR's in the Leavenworth area I surely do not want this to happen. You have an option:

Revise this code to resolve the core issues:

- Identify STR owners and operators
- Open lines of communication between STR's and non STR's
- Create a process for identifying and punishing bad actors

Once a simple and enforceable code is in place

- Create a task force to discuss STR's future in Chelan County.
- Modify code to address known issues.

I respect you all as well as the Director and staff at community development. Please consider a much simpler and much more enforceable code.

Wendy Lane

From: Stan Winters <winterss1@me.com>
Sent: Wednesday, September 16, 2020 3:28 PM
To: CD STRComment
Subject: Comments on STRs in Chelan County

External Email Warning! This email originated from outside of Chelan County.

Chelan County Commissioners:

Why have almost 3,000 upper valley residents signed a petition asking the Chelan County Commissioners to regulate Short-Term Rentals, specifically by banning non-owner occupied Short-Term Rentals in residential area?

One reason is because of what are being called “the bad apples”. These are non-owner occupied rentals that create bothersome nuisances. The surrounding families are subjected to behaviors that disrupt the neighborhood... things like loud music late at night, drunken behavior, trespassing, and fires during burn-ban periods. At some Short-Term Rentals these actions are repeated night after night as new crops of renters arrive. Some of these non-owner occupied short-term rentals are known as “Party Houses”.

Then there are less egregious but still wearing actions that short-term renters impose on neighbors. This includes thing like parking where they aren’t supposed to, creating excessive traffic on a narrow neighborhood street where kids play, garbage left outside where animals can get into it, and just the uncertainty caused by having strangers constantly coming and going next door. What was once a real neighborhood might have become a few neighbors surrounded by a collection of Mini-Hotels, which is another term for Short-Term rentals.

In both of these cases homeowners feel worn down. When they purchased or rented their home in a residential area they had the expectation and the right that they would have a degree of peace and quiet, and that they would be surrounded by other families that shared those expectations. These would be people who have chosen the neighborhood as their primary residence. They generally work in the area, they send their kids to our schools, and contribute to the community. Nothing guarantees that every neighbor will be “good”. But part of being in a community is working with and learning to get along with neighbors. You can’t do that with the revolving door of short-term renters.

Some people say that we already have laws to address all of these issues. They expect community members to talk with the renters... to let them know that they shouldn’t be playing loud music at midnight, or racing their snowmobiles up and down the road at night. Or people just say that violations should be reported to the County Sherriff. If 3,000 people have signed the petition, it probably holds true that the Sherriff’s department doesn’t have the capacity to respond to every violation. This kind of enforcement doesn’t and can’t work.

These issues are real. There are “bad apples” and constant nuisances.

But here’s the heart of the problem. Neighborhoods are important. In fact they are critical to our success as a society, and putting short-term rentals in residential areas degrades neighborhoods.

Neighborhoods/communities are our second most social institution, just after the family. The community is where social capital is developed and this is the glue that holds our society together.

Neighborhoods provide much more than housing; they also provide access to education, security, health, wealth, employment, social status, and interpersonal connections. If a family doesn’t have full access to the housing market (short-term rentals reduce the community’s housing stock) they don’t have access to the full range of resources, benefits, and opportunities.

- Every time a house is converted to a short-term rental, one less home is available for a family.
- Every short-term rental in a residential area means fewer children attending our schools, and more local workers having to find housing further from where they are employed.
- Every short-term rental in a residential area means more strangers in our neighborhoods, less security, and more people who don’t have any interest in our community.

The results are decreased quality of life for long-term residents.

In short, neighborhoods and community are paramount in our lives and our society and we should do everything we can to protect them.

Here is a solution:

The 3,000 people that signed that petition aren’t against short-term rentals or anti-tourist. They are pro-community. They understand that short-term rentals are commercial businesses and that the two uses: residential (where people have their primary dwelling), and temporary lodging (which is what a short-term rental provides) are incompatible. This is why zoning was developed in the first place; keeping incompatible uses separated from each other. Short-term rentals productively fill a need, and provide a unique experience for our county’s “guests” as long as they are in the appropriate zones. The solution is to (1) use zoning to place short-term rentals where they belong (since they are commercial endeavors) - in a commercial zone. And (2) reserve residential zones for residential purposes. Everybody wins in this scenario.

If we are going to be successful as a thriving local economy and as a vibrant community - we need successful neighborhoods full of families and free of commercial short-term rentals

We shouldn't sacrificing the quality of our neighborhoods and communities in order for a relatively few short-term rental owners to be able to make money from our residential stock.

Neighborhoods are for neighbors. We are all better off if we keep it that way.

Stan and Vania Winters
8200 Riverview Rd
Peshastin, WA 98847
509 293-0457

Wendy Lane

From: Bruce Williams <bwseattle@gmail.com>
Sent: Wednesday, September 16, 2020 3:10 PM
To: CD STRComment
Subject: Even if existing STR's were deemed legal, the county still has the authority to sunset them
Attachments: Sunsetting Legal Uses.pdf

External Email Warning! This email originated from outside of Chelan County.

Dear Planning Commissioners,

Attached is a memo I submitted to the BOCC on August 9. I would like it to be in your record as well.

Thanks.

Bruce Williams
bwseattle@gmail.com
509.888.1935
206.972.6865

MEMORANDUM

TO: CHELAN COUNTY COMMISSIONERS
FROM: BRUCE WILLIAMS
RE: CHELAN COUNTY MAY SUNSET NONCONFORMING USES EVEN IF THEY WERE
PREVIOUSLY LEGAL
DATE: AUGUST 9, 2020

As Residents United for Neighbors has pointed out previously, absentee-owner Short Term Rentals (STRs) are inconsistent with the letter and the spirit of the Chelan Code as well as the Comprehensive Plan. The Code does not provide for any commercial uses in residential areas except in very limited circumstances and only where the property is the primary residence of the commercial operator. This is also true for tourist accommodations: the only allowed uses are Bed and Breakfasts and Guest Inns, both of which must be the primary residence of the operator and limited in size.

Because they are not legal uses, their use can be terminated immediately, as the City of Leavenworth did.

I am aware that STRACC takes the view that STR's are legal in residential areas, although their memo supporting this position is not supported by relevant case law.

I am unaware of the legal advice provided to the Commissioners by the Prosecutor's Office regarding the legality of STR's or, if they were legal, what the Commissioners can do about that.

This memo explains how under Washington law, even if STR's were deemed to be currently legal, the County still has the authority to make them nonconforming uses and sunset them.

WASHINGTON COURTS HAVE CONSISTENTLY UPHELD PHASE-OUT PERIODS FOR PREVIOUSLY LEGAL BUT SUBSEQUENTLY NONCONFORMING USES.

Washington cases have consistently upheld phase-out periods for nonconforming uses and provide support for Chelan County's phasing out of nonconforming short-term rentals (STR) even if the STR owner claims that it was a previously legal use.

These cases used a takings analysis that focused on whether the new ordinance deprived the property owner of all use of the property. In each of the cases, the court decided that the owner was left with some valuable use of the property and rejected the challenge to the ordinance.

The seminal case in Washington is *City of Seattle v. Martin*, 54 Wn. 2d 541 (1959). In *Martin*, the appellant had been renting a vacant lot on a month-to-month lease and using the lot as a place to repair equipment used in his construction business. The empty lot was annexed to the City of Seattle and subsequently zoned for residential use. The ordinance provided: "In the First

or Second Residence Districts, any nonconforming use of premises which is not in a building shall be discontinued within a period of one year from the date this ordinance shall become effective." *Martin*, 54 Wn. 2d at 542. The Supreme Court upheld the one-year phase-out period for nonconforming uses, stating that the constitutional test "is whether the significance of the hardship as to appellant is more compelling, or whether it reasonably overbalances the benefit which the public would derive from the termination of the use[.]" *Id.* at 544.

In balancing these interests, the court noted that the repair work was very noisy and sometimes occurred at night, to the detriment of the public and the neighbors in area subsequently designated as residential.

As in *Martin*, short-term rentals can result in disturbing noise late at night, to the detriment of the public and the neighbors. Owners of short-term rental properties would not be required to tear down the building or liquidate a large business. And an amortization period of a year or more would allow time for short-term rental investors to get some use from whatever physical improvements had been made. After that they have several alternatives: sell the house, rent it to a long term tenant or become a resident and live in the house.

Twelve years after *Martin*, in *Asia v. City of Seattle*, 4 Wn. App. 530 (1971), the Court of Appeals upheld a Seattle city ordinance that extinguished a nonconforming "advertising structure" use. The appellants owned real property "located directly above the southerly tunnel leading from downtown Seattle to the Lacy V. Murrow Floating Bridge over Lake Washington." *Asia*, 4 Wn. App. at 530. The appellants leased the westerly 33 feet of the parcel, which was improved with a highly visible advertising structure, as a site for an advertising sign "from 1958 until 1966 when the city ordered termination of its use for advertising purposes." *Id.*

The ordinance extinguishing nonconforming uses provided for phase-out periods. Appellants argued that "the application of the zoning ordinance to their property completely eliminated the economic use of the property without just compensation and was therefore unconstitutional" as applied to them. *Id.* at 530. The court viewed the property as a whole (not just the 33 foot strip leased for the sign) and disagreed that all economic use of the property would be lost: If "the parcel has economic value and this value was completely eliminated, the appellants are entitled to compensation[.]" but although "the economic value of the total parcel was reduced by the zoning ordinance which eliminated the economic value of the westerly 33 feet of the parcel, the effect was to reduce but not eliminate the value of the total parcel." *Id.* Because the value of the whole parcel was merely reduced and not eliminated by the extinguishment of the nonconforming advertising use, no compensation was due. The "Appellants did not have the right for all time to use property as a site for an advertising structure. Preexisting nonconforming uses are not to be perpetual. The public welfare must be considered, using as a measuring rod the objectives of the zoning ordinance and all of the property within the particular use district." *Id.* at 531.

As in *Asia*, if Chelan County enacts an ordinance that extinguishes nonconforming short-term rentals (to the extent the short-term are lawful nonconforming uses at all), that would at most reduce the value of the owners investment, not eliminate it.

Eight years later, in *Ackerley Communications, Inc. v. City of Seattle*, 92 Wn. 2d 905 (1979), the Supreme Court returned to the issue of nonconforming advertising signs, stating: "It is a valid exercise of the City's police power to terminate certain land uses which it deems adverse to the public health and welfare within a reasonable amortization period." 92 Wn. 2d at 913–19. The ordinance at issue was a newer ordinance than the one in *Asia*. The Ordinance did not provide for compensation to the owners of signs which are removed pursuant to its terms. *Id.* at 907. The court also noted that the "Ordinance in question here specifically recites that its intent and purpose is to 'protect the public health, safety, welfare, convenience and the enjoyment of public travel . . . and to conserve natural and man-made beauty' by regulating outdoor signs in designated areas of the City." *Id.* at 920.

Protecting residential neighborhoods from the nuisance-like activities associated with STRs, promoting housing affordability and maintaining a sense of community in residential neighborhoods are at least as compelling as the aesthetic interest addressed by the billboard ordinance. If Chelan County takes care to ground its short-term rental ordinance in its police power by specifically reciting how the ordinance will protect the public health, safety, and welfare, the court's reasoning in *Ackerley* (and *Asia* before that) should lead to a similar result.

An additional source supporting this view is McQuillin on Municipal Corporations (3d ed.) 366, § 25.183:

"Public policy and the spirit of zoning measures, of which the courts take cognizance, are to restrict and not to increase nonconforming uses. This is necessarily implied by a zoning plan comprehensive in character. Consistently, zoning policy is against the indefinite extension of nonconforming uses. The public effort is not to extend a nonconforming use but rather to permit it to exist as long as necessary and then to require conformity in the future. Indeed, the public intent is the eventual elimination of nonconforming uses. It is only to avoid injustice that zoning ordinances generally except existing nonconforming uses."

Wendy Lane

From: Don Eikenberry <doneikenberry@hotmail.com>
Sent: Wednesday, September 16, 2020 1:46 PM
To: CD STRComment
Subject: STR code

External Email Warning! This email originated from outside of Chelan County.

I was born and raised in Wenatchee, live in Chelan, and own a STR in Leavenworth.

I'm in favor of much of the proposed code and feel some regulation is necessary.

I'm strongly against any sunset clause as it would effectively end the ability of tourist families to stay in a home setting rather than in a hotel. This WILL negatively impact tourism and the accompanying tax revenue it brings into the county. There are other ways to mitigate issues with STR's. Just let the code work for a while and give it a chance to change things for the better. Also consider a maximum number of days for a STR to be allowed to operate. Putting a 240 day a year limit on each STR would effectively reduce the number of STR's being used by 1/3.

Don Eikenberry
Chelan, WA

Wendy Lane

From: Lei Warren <leimwarren@gmail.com>
Sent: Wednesday, September 16, 2020 7:45 AM
To: CD STRComment
Subject: Comments about short term rentals

External Email Warning! This email originated from outside of Chelan County.

Hello,

My husband and I own two rentals in Chelan.

104A Vineyard Lane - purchase 2009
Long term rental

50 Ustah St in Manson - purchased 2019
Short term rental

We have been long term Chelan owners for over 10 years and have really loved the community. We've made friends here, support local businesses and give back to fundraisers financially. Before we decided to rent out our townhouse our family has enjoyed sharing the Chelan culture with our friends and families building lifelong memories.

It is our intent to eventually retire in Chelan in the future. We purchased the Manson property last year with the intent to remodel it completely and provide a home for families go visit. We wanted them to build lifelong memories in Chelan as we have. The property we purchased was a short term rental. We made it known to our neighbors our intent to continue to be a short term rental however our priority was our home, not our guests. We wanted to be responsible and involved owners.

We hired Kathy Branch, our neighbor across the street at 25 Ustah, to be our interior decorator and project manager. She brought in local contractor, Glenn Kerns. We've spent over \$70,000+ remodeling our home with thousands being paid to Kathy and Glenn for their hard work as well as local small businesses that helped. Everything of our remodel we bought local and supported locally owned painters, concrete builders, electricians, plumbers, etc. We truly care about our community.

Our first year of rental has been great. Kathy Branch has commented many times how much she appreciates how responsible we are as owners. We have hired Vacasa and their team has done an excellent job on our behalf. We have 3 garbage cans out front, which is more than enough for our guests. I'm in constant communication with my neighbors to ensure they know our priority is to be good neighbors to them. They all have our number in case things get out of hand as well as Vacasa's contact info. We have gotten our license for the rental and operate within guidelines. Our guests have felt welcomed by our neighbors and enjoyed their experience in the Chelan area supporting local businesses and hope to return.

Should Chelan County cancel short term rentals this would have a devastating impact on our family. We would never recoup the funds we have spent rebuilding our home. It will also makes it nearly impossible to afford the home until retirement.

We sincerely hope that the county looks at the situation and realizes that not all short term rentals are bad. Many, like ours, play within the rules and want to be good neighbors to our community. Our neighbors have personally commented how happy they are to have us be part of the community.

We have a local management company to address any problems, space for 5 cars to park, and limit our guests to 10 people. Our home is 3,000 square feet plus with 4 bedrooms. Most of our guests are families that are responsible and looking to enjoy time with each other building memories not being unruly.

I appreciate the council taking the time to read my letter and am hopeful of a reasonable outcome.

Best Regards,
Lei and Eric Warren
206-755-2364
800 Nw 57th St
Seattle, Wa 98107

Wendy Lane

From: Janet Skinner <jmskinner@live.com>
Sent: Tuesday, September 15, 2020 5:44 PM
To: CD STRComment
Subject: SHORT TERM RENTAL - PROPOSFD CODE

External Email Warning! This email originated from outside of Chelan County.

How best to slow the proliferation of short-term rentals, protect the character of residential communities and allow for property-owner income from short-term rentals?

Concerns have been raised particularly about parking, noise disturbance, garbage, trespassing and fire and safety issues. These are concerns I have about all housing—owner occupied, long-term rentals, and short-term rentals. During my 10 years working in the Department of Community and Human Services of another Washington county, I became aware that owner-occupants and long-term renters may present the same problems as short-term renters.

Fortunately, Chelan County has in place ways to respond to issues arising at any housing unit. Improperly parked cars can be ticketed or towed; authorities can respond to noise or trespass complaints.

With the frequency of wildfires, I fully support the county requiring all property owners to lock or disable all outdoor fire pits, BBQs involving a flame, and the like. Any requirements regarding garbage should address the issues, such as refuse on the ground, rather than stipulate placement of garbage cans because in some areas of the county garbage cans attract bears and that results in danger to people and in strewn garbage.

The proposed code requires inspection of all short-term rentals, using a disproportionate amount of county resources and resulting in high fees to property owners. Short-term rentals are likely to self-regulate because renters frequently post reviews. Properties in poor condition are quickly exposed leading to fewer bookings or improvements to the properties or their dropping out of the market. And the internet provides this service at no cost to the county. Enforcement of current rules will go far in alleviating problems.

The proposed code requires signage in front of short-term rentals. I oppose this because signage in itself changes the character of neighborhoods. Signs are an eye sore. Posting names and telephone numbers seems like an invasion of privacy and invites robot calls, threatening calls, and the like. If the county has owners' or managers' names and cell phone numbers, that should be sufficient for addressing any issues that arise.

Three tiers are identified in the proposed code: owner-occupied, non-owner occupied, and larger occupancy. Property that is a second home or vacation home is different from homes bought to be used exclusively as a business. These homeowners are concerned about the care of the property they use some or much of the year. They're concerned and about maintaining good relationships with their neighbors. In short, they are concerned about maintaining the character of their neighborhood. For example, in contrast to the north shore of Lake Wenatchee that has had owner-occupied homes for generations, when we bought a vacation home on the south shore of Lake Wenatchee 40 years ago, almost all, if not all, of the properties along Cedar Brae Road were vacation homes. Short-term rentals are for vacations and thus would maintain the character of that neighborhood.

The portion of the proposed code that is of most concern to me has to do with determining and limiting percentages of housing stock used as short-term rentals. In establishing the percentage of housing stock now used for short-term rentals, does a property offered for rent only 20 days a year, for example, equate to one offered for 365 days a year? How is it verified that houses shown on the internet as short-term rentals are, in fact, still being offered for rent? The internet seems to retain old information. Are dwelling units double counted if listed on multiple web sites? If several units are offered within one building owned by one entity, are they counted as one or many? These are only a few examples of the way in which percentages presented as short-term rentals may be distorted.

The proposed code would limit short-term rentals to 1% or 5% of the housing stock. This clearly does not allow for property-owner income from short-term rentals. It excludes 95-99% of the property owners! To have the possibility of short-term rental income determined by a lottery is like rolling dice, far too risky for prudent people. It's like saying, "*Maybe you can realize income on the hundreds of thousands of dollars you've invested but only for a few years if at all.*" If restrictions are in place when property is purchased and a new owner wants to gamble on the lottery, fine. However when a person does due diligence, finds no restrictions to short term rentals and based on that information purchases, constructs, or remodels a home with the reasonable expectation of income to help offset expenses, it is blatantly unfair for the county to change the rules for them. And there is no doubt in my mind that doing so would create an administrative nightmare.

I sincerely hope the outcome of this process will result in a sense of community for all involved, fairness to those who have invested in our properties and enforcement whenever and wherever necessary. Violations by a few are not a threat to the well-being of those who are committed to responsibly caring for their property.

Janet M Skinner

16130/16140 Cedar Brae Road

Lake Wenatchee

Wendy Lane

From: Keith D. Thurman, MAI <keith@twinharborsappraisal.com>
Sent: Tuesday, September 15, 2020 12:22 PM
To: CD STRComment
Cc: henningjeff@yahoo.com; blankema@rwi.net
Subject: Short-term Rentals (less than 30-days)

External Email Warning! This email originated from outside of Chelan County.

Sirs and/or Madam(s):

I own a home at 3667 Dianna Way, Wenatchee, WA 98801.

Recently, it has come to my attention that a single-family residence in our heretofore quiet residential neighborhood has been used as a nightly rental. Based on my observations, this has been going on for several months. On occasion there has been an overflow of cars on to the street adjoining that homesite, and significant noise coming from the residence in question on several weekends. I am probably 1,000-feet away from the home, but have noticed the noise on several occasions.

I am concerned that this type of use will have negative impacts on our neighborhood, such as excess garbage, insufficient parking (I have already witnessed this) and increased excess noise (this also has been personally witnessed by myself). Negative impacts can eventually translate into negative affects on marketability and – subsequently – market value.

I would strongly encourage the Chelan County Department of Community Development to suggest to the Chelan County Board of Commissioners that they enact a formal code in the entire rural Chelan County (non-incorporated areas) that would require a permitting process for a nightly rental use. This permitting process should include a process where neighbors within at least 300-feet of the residence seeking a nightly rental permit were notified of said application and provide an opportunity to express their concerns before said permit is enacted. Also, if the residence seeking a permit were in a subdivision with a Homeowners Association (HOA) that a requirement for a permit would include consent by the HOA for nightly rental use. If the HOA did not consent, then the permit should not be allowed.

Please give my concerns your most serious considerations.

Thank you.

Best regards,



Keith D. Thurman
keith@twinharborsappraisal.com

3667 Dianna Way
Wenatchee, WA 98801

509-663-4340 Wenatchee
360-580-5275 Cell

Wendy Lane

From: Laura Johnson <2laurajo@gmail.com>
Sent: Tuesday, September 15, 2020 9:34 AM
To: CD STRComment
Subject: STR Comment

External Email Warning! This email originated from outside of Chelan County.

To Chelan County Planning Commissioners,

Fourteen years ago I bought a vacation home at 16840 Fir Drive, Leavenworth. My extended family are avid skiers and use the house nearly every winter weekend. In 2012, with a weak economy, I considered selling at a loss, but instead entered the home sharing market to offset costs. Home sharing has gone well for me. I am a responsible renter and a good neighbor. I pay lodging taxes, vet my guests carefully and do not allow large groups or parties. This home, after all, is a big investment for my family, so I am motivated to manage it well. My guests are primarily families like mine with young children. They appreciate the ability to vacation with the amenities of a full home with separate bedrooms, a kitchen and a yard, not crammed into a single hotel room. I have many repeat guests and favor them for bookings because I know they will follow my house rules. I average 60 rental nights a year and in the 8 years that I've been home sharing, I have not had a single complaint from neighbors.

I gave testimony on September 9 and heard many other stories like mine. Truth be told, I heard valid concerns on both sides of this contentious issue. I do not doubt that there are problem renters occasionally, and I'm in complete agreement that we need a sensible permit process for STRs to regulate safety, fire codes, building codes, and occupancy limitations. However, the sunseting you propose will certainly have adverse economic consequences, not just for property owners like me, but also for local support businesses like those I hire for cleaning, maintenance and yard care. This solution seems heavy-handed as a first remedy. Wouldn't it be prudent to try less drastic measures first instead of shutting us all down?

Another takeaway from the September 9th meeting for me was the apparent lack of evidence to back up claims on both sides of the issue. We have no idea how many nuisance complaints have been attributed to STRs. Further claims that a shortage of long-term rental housing is the direct result of STRs also seems on weak footing. I know for certain that I won't be renting my house out long-term if this ban goes into effect. It will just sit empty when I'm not here. I suspect that's the case for many second home owners. Regulatory decisions should be based on good data. In absence of good evidence I believe we should tread lightly, and try to put in some rules that allow STR owners to adjust to community concerns.

At the very least, I urge you to treat existing STRs as legal, non-conforming use and grandfather them in without any sunset clauses.

Sincerely,
Laura Johnson

Wendy Lane

From: Annie L. Robertson <AnnieR@JDSALaw.com>
Sent: Monday, September 14, 2020 5:35 PM
To: CD STRComment
Cc: Adam G. Haynie
Subject: Important Question re Public Comment Period 2014.0391*0001

Importance: High

External Email Warning! This email originated from outside of Chelan County.

Good Evening,

This firm represent the North Central Washington Association of Realtors® (NCWAR). We plan to submit a public comment on behalf of NCWAR or before the expiration of the public comment period at 5:00 pm on September 16, 2020.

However, NCWAR has funded and retained a consultant who is in the process of conducting an economic impact study regarding STRs. The consultant's work will not be complete by the 16th. Will you consider extending your comment period beyond the 16th in order to allow this pertinent information to factor into your process?

Thank you for considering this request.

Sincerely,

Annie Robertson

Annie L. Robertson
Partner
Jeffers, Danielson, Sonn & Aylward, P.S.
Direct: 509.888.1022
Cell: 509.881.4374

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Wendy Lane

From: Gro Buer <grobuer@gmail.com>
Sent: Monday, September 14, 2020 4:53 PM
To: CD STRComment
Subject: Comment on STRs

External Email Warning! This email originated from outside of Chelan County.

Hello, I had signed up to speak at the last Sept. 8th zoom meeting but was informed that families could only have 1 speaker, so I left the meeting. Here are the comments I was going to make.

My name is Gro Buer and I live on 8050 E Leavenworth Rd, Leavenworth. I have written numerous letters and testified in the past regarding the STR issue. I keep wondering why I have to struggle and spend so much time to just preserve our neighborhoods from businesses taking over.

Those businesses are STRs. The absentee owner businesses belong in commercial zones, not in our neighborhoods.

I support all points put forth by RUN, Residents United for Neighbors.

I particularly would want the county to **revise the draft code to use actual lot size**, not zoning district as the basis for STR regulations.

I also think that prohibiting and sunsetting all absentee owner STRs that are less than 8 acres or closer than 1,000 feet to neighboring houses.

Our property is 4.5 acres and we are zoned RR10, our neighbors are 1 acre and so are the ones next to them BUT they also are zoned RR10, so all of them could become STRs.

The first house is less than 50 feet from our property line, and we built our home close to the property line to not block their view of the mountains. We can hear them on any given day talking on the phone on their deck. They are great neighbors but they are in their 80s. With the regulations as they are, we could have a STR right next door when they sell, which would drive us out.

We also live on the Icicle Creek and have planted and maintained a healthy riparian zone, taking care to increase the diversity of species that once thrived here. If we leave and sell our home, it could become another STR business with owners who might not care at all about the river bank, integrity of the beach and water quality. It could become a tubing business hub as across the street from us.

Both my husband and I volunteer on many boards and are heavily involved with our community, whether it is at the hospital, Jubilee, WRI, CDLT and others.

Do we really want to drive out community members like us that give back and make this a vibrant and compassionate area?

Thank you for reading,
Respectfully, Gro Buer

Wendy Lane

From: Denise Beard <dkbeard@comcast.net>
Sent: Monday, September 14, 2020 4:40 PM
To: CD STRComment
Subject: Fwd: Comments Regarding STR's in Chelan County post 9/9/20 Planning Commission Meeting

Importance: High

External Email Warning! This email originated from outside of Chelan County.

1. Why are commercial businesses (STR's) allowed in Single Family Residential Zoned neighborhoods? Absentee Owners running a business is incompatible in a residential neighborhood. There are Residential Zones & Commercial Zones. If zoning is not going to be enforced, why does it exist?
2. A theme I heard from most if not all of the STR owners who spoke at the 9/9/20 Zoom Meeting was that if STR's are banned or not grandfathered, they would lose everything & have to sell at a loss & how unfair that would be. These people are not talking about losing their PRIMARY home. A vacation home is a luxury & the risk is that of the absentee investor.
Why should resident property owners have to subsidize their investment (& risk) by enduring all the negative impacts of having STR's next door? Investments are inherently risky, that is the risk they took, it shouldn't be borne by others.
3. Why has lack of/or insufficient infrastructure, increased traffic, increased safety issues, parking impacts, noise, risk of fire & increased crime (& the need for extra police & fire) due to transient visitors who have no ties or attachment to the community & therefore don't care about their impact, not resulted in banning or severely restricting, or at the very least regulating & requiring the same fees & taxes to be paid that are required of hotels & motels as well as requirements to following zoning?
4. Why do non resident owners (mostly investors, out of town & out of state) get to impact the enjoyment & use of locals & residents property? Those of us who acquired residential property in the Chelan area, did not choose to buy/live next door to a hotel/motel or resort, we bought in a residential, single family zoned neighborhood. STR's are no different from hotel/motel or resorts, it is a constant churn of anonymous people coming & going. Most with no care or concern & no attachment to the neighborhood.

And to counter what many of the STR owners who spoke at the 9/9/20 Zoom meeting asserted, STR's & their transient nightly renters are NOT neighbors, & I would challenge their assertion that none of their neighbors have complaints about their operations. Most people avoid confrontation for fear of retribution or because it is uncomfortable to do so. I have personally had STR renters blatantly trespass when I was home & when I politely let them know they were on private property I got an earful of cussing. I did not complain to the owners, as I was felt uncomfortable doing so.
5. If the county needs more vacation rental availability (seems that the county is currently getting saturated vs it's infrastructure), then it should be located in commercial areas & permitted, taxed & regulated like hotels/motels & resorts.
6. Finally, a very important point.....

Whether is it Seattle/King County, or Chelan/Chelan County we all know there is a shortage of housing period & especially affordable housing.

With Chelan County specifically, when you take away permanent housing by allowing it to become STR's how do you expect to house the very people who service the visitors/vacationers staying in these short term rentals (restaurant servers, grocery workers, cleaning & maintenance services for the hotels & STR's etc.) to find places to live, let alone affordable places to live?? STR's take properties out of the long term rental or purchase for residence market, all to accommodate the desires of investors.

We hear our city/county leaders state over & over what a crisis this is.. yet they have allowed these short term rentals to proliferate unregulated & the acceleration recently is unprecedented.

Allowing these to proliferate is making the housing situation much worse, by removing more & more properties from the long term rental or purchase for residence market & artificially jacking up prices to make it unaffordable for locals, all to accommodate the desires of investors. (Most of whom are not local)

The current STR market is also not serving the issue of helping a struggling resident home owner get help paying his mortgage or property taxes by renting out a room or 2. That was always one of the excuses to justify this practice early on & when it first started that might have been mostly true. Virtually NONE of these STR's are owner occupied when renting.

Now, it is simply a lucrative business model... getting away scot free from abiding by any regulations.

These short term rentals do little to increase revenues, there are no fees, no taxes (in addition to regular property taxes), no permitting/fees, etc. I would expect that gov't officials would be doing all they can to increase revenue, not decrease it. With the added burden on infrastructure, (to include police & fire) increased revenue is sorely needed, yet the county seems to be throwing it away all to appease short term rental investors. I have to ask why this is?

Thank you,
Denise Beard
93 Narrows Lane, Manson, WA

Wendy Lane

From: Denae' Poss <denaeposs@gmail.com>
Sent: Monday, September 14, 2020 4:15 PM
To: CD STRComment
Subject: STR's

External Email Warning! This email originated from outside of Chelan County.

Hello!

My husband and I are owners of a STR in plain. I wrote in before but had an additional comment.

One thing that keeps striking me is that we're being told we are illegally running these str's bc it is a business and these are residentially zoned areas. But, the same people seem to be ok with long term rentals and str's that are owner occupied. Ultimately, both of those latter scenarios are still revenue generating and by their logic "illegal." I know Washington state doesn't differentiate by long term and short term rentals so I'm just trying to understand how it's not just about what the locals deem convenient to them rather than what's truly illegal? I believe this is where a legal issue will pop up, especially since that's where the Chiwawa Pines lawsuit landed on, resulting in the str's favor.

I know you've heard from "1000's" of people, and I hope that show you all how big of an impact this would have on so many people who are also part of the community, paying taxes, enjoying local businesses, as well as experiencing some kind of financial gain. I mentioned it in my email before, but the revenue from our place has allowed my husband to stay home with our 20 months old rather than sending him to daycare. I know many have their retirements tied up in these properties. Please don't view us as rich west siders. Most of us are just hard working people that made an investment under the impression that we were allowed to and would be greatly impacted by the measures being proposed. Thank you for reading and taking all sides into consideration.

Denae' Poss
425-330-3156

Wendy Lane

From: Darrell Collins <decollins@nwi.net>
Sent: Monday, September 14, 2020 3:27 PM
To: CD STRComment
Subject: STR's & VRBO's

External Email Warning! This email originated from outside of Chelan County.

Committee Members,

I invested in property on Lake Chelan 2 years ago and am now in the process of building a home there. Since then the property next to us has been sold and is now a STR run by Vacasa of Chelan. We use a small trailer and a sleeper cabin while working on the project. We are having problems with renters driving to fast down the driveway, smoking on our property because I assume it is against the rules although we do see them smoking on the property right next to the dry edges of the property, having loud parties at night, congesting the entry to our property with vehicles & having more then 20 people staying there. Vacasa does not seem to care with the excuse they can't control what the renters engage in while renting from them. We are to the point that our only recourse is to call the Sheriff's department which puts a burden on them. We are not inclined to confront some of these people when they have been consuming alcohol and smoking pot.

I am not sure how the county will assess this property but I am assuming It will be from the income it generates. If that is the case our taxes would be higher than they should be because we happen to be next door.

There has to be more restrictions and regulations placed on these properties.

Respectively,

Darrell Collins

Wendy Lane

From: Kirvil Skinnarland <runofchelancnty@gmail.com>
Sent: Monday, September 14, 2020 11:27 AM
To: CD STRComment
Subject: RUN comment letter on draft code
Attachments: RUN Comments on Draft STR Code sent to Planning Commission 9.3.2020.pdf;
Sunsetting Legal Uses summary email from Bruce.pdf

External Email Warning! This email originated from outside of Chelan County.

Dear Planning Commissioners,

With two new commissioners joining the deliberations on short term rentals, we would like to re-iterate the primary reasons for regulating the location and the parameters for short term rentals.

These three reasons are:

1. Protection of the integrity of neighborhoods in rural residential zoning districts .
2. Protection of affordable housing for purchase and rental by full time residents.
3. Elimination of so-called nuisance issues where STRs are allowed.

1. *Protect Neighborhoods:* We believe the County's zoning code is absolutely clear in limiting commercial uses in residentially zoned neighborhoods to operations which are ancillary to the primary use of the property as a residence with the owner living on site. The District Use Chart (11.04.020) lists acceptable uses in residential zoning. The only overnight accommodations allowed are Bed and Breakfasts (owner must live onsite) and Guest Inns (owner must live onsite). Lodging facilities are only listed as a permitted use in the Rural Commercial zone.

One of the fundamental purposes of zoning is to separate incompatible uses. The county's existing zoning code does this. But a lack of enforcement of the code has led to the situation in which we now find ourselves with over 1,500 STRs in the County, most of them in residential zones.

Short term rentals bring an ever-changing transient population into neighborhoods. This fundamentally changes the character of a neighborhood. In a neighborhood of full time owners and/or renters, residents feel a commonality and familiarity with their neighbors. Having neighbors you know also provides a kind of safety net in a crisis (e.g., neighbors bringing over food when someone is ill or has died). Neighborhoods are the backbone of a strong community.

The impact of the spread of AirBnb and its impacts on housing supply, affordability and neighborhood cohesion has been documented in studies throughout the United States. RUN has submitted some of these for your review. We especially call your attention to the University of Washington Law Review Article by Allyson Gold – “*The Community Consequences of Airbnb.*”

(<https://digitalcommons.law.uw.edu/cgi/viewcontent.cgi?article=5086&context=wlr>) Ms. Gold provides evidence which corroborates the loss of affordable housing, increase in rents for long term rentals, and changes in neighborhood composition. But perhaps the most interesting part of this article is the discussion about the impact STRs have on the social character of neighborhoods. Influx of short term rentals decrease what Ms. Gold refers to as “social capital”. “Social capital is the glue that hold societies together and without which there can be no economic growth or human well-being.” In short, the consequence of unregulated growth of STRs is the loss of communities. This is one of the reasons why so many jurisdictions throughout the country have adopted STR ordinances the limit the location and the number of STRs.

2. Protect Our Housing Supply for Full-time Residents: We have an affordable housing crisis, especially in the touristed portions of the County including Leavenworth and Chelan/Manson. According to the Berk data, over 15% of the single family housing stock in 98826 has been converted to short term rental use. In Manson, 11% of the housing stock has been converted. STRs adversely impact the cost of housing in three ways—limiting the inventory of homes available for purchase and long term rental; inflating the sales prices of homes; and increasing property taxes for all homeowners. RUN submitted a letter on August 31st 2020 that referenced several recent studies which provide documentation that our housing crisis is exacerbated by growth in STRs and the purchase of 2nd homes which are subsequently kept vacant.

The number of STRs must be reduced to no more than 5% of the single family housing stock as quickly as possible, especially in the 98826 and 98831 zip codes. A 2-year sunset is reasonable since owners have the option of switching to a long term rental, selling, or occupying the residence. (Please see attached legal memo from Bruce Williams explain why sunseting is legal.) No transfer of permits should be allowed, including any change of ownership of an LLC corporation.

3. Eliminate the Noise and Nuisance Issues Where STRS Are Allowed: Over the last 14 months, hundreds of Chelan County’s residents have submitted letters documenting and lamenting the loss of their neighborhoods to the influx of commercial businesses and the constant stream of strangers taking the place of neighbors. Many of their concerns are the well documented “nuisance” issues – loud parties, parking on other people’s property, trespassing, garbage, etc. But underlying these complaints is a more basic concern—loss of the familiarity and safety that comes with having a relationship with your neighbors.

RUN believes the primary tool to regulate STRs should be zoning to separate commercial businesses from residential zones. If Tier 2 and Tier 3 STRs are limited to commercial zones, this will free up housing for purchase or rent by full time residents, restore neighborhoods to places inhabited by friends and acquaintances, and eliminate the nuisance issues. As a compromise, RUN believes that Tier 1 STRS can be accommodated in rural residential zoning as long as the owner of the property lives onsite and reasonable standards are set regarding occupancy, parking, adequacy of water and septic, etc. As an additional compromise, we believe that Tier 2 and Tier 3 could be located on rural residential properties greater than 8 acres in size with a CUP that specifies separation from adjacent residences, limits on occupancy, adequate parking, etc.

We strongly believe that the majority of Chelan County's residents do not want Tier 2 or Tier 3 STRs in their neighborhoods. We base this conclusion on the volume of letters that have been submitted to the County over the past year, the fact that 4,000 people have signed our petition opposing Tier 2 and Tier 3 STRs in rural residential zoning, and the comments and feedback we get from members of our mailing list and Facebook page.

We attach again our specific line-by-line recommendations for changes to the July 9th draft code .

Thank you.

Residents United for Neighbors

Steering Committee: Bruce Williams, Kirvil Skinnarland, Bob Fallon, Greg Steeber, Mara Bohman, George Wilson, Jerry Jennings, Stan Winters, Steve Stroud, Pat Thirlby, Cherie' Warren, Matthew Carlisle, Barbara Rossing

Attached documents:

RUN's line by line comments on July 9th draft code

Memo from Bruce Williams on legality of sunseting STRs

Transmitted via email to the Planning Commission

September 3, 2020

Dear Commissioners

We have attached to this email our detailed, line by line comments on the draft ordinance you adopted on July 9th 2020. This cover email will address our main points. Please note that along with this email and attached mark up of the ordinance, we have submitted three reports that provide data and analyses on the 1) the housing crisis in Chelan County; 2) the high percentage of non-conforming lots in rural residential zones; and 3) the time to reach a 5% limit on STRs without a sunset provision for existing STRs. These reports provide data that back up the recommendations we are making.

We have an affordable housing crisis in many parts of the County, especially in the 98826 zip code. In a separate email we have provided you with a list of recent housing studies that document this crisis in Chelan County. The Berk reports document the exponential increase in STRs especially in the 98826 and 98831 zip codes. These housing studies suggest that STRs are a contributor to the problem because they inflate housing prices and reduce the supply of homes available for long term rental. STRs must be reduced to no more than 5% of the single family housing stock as quickly as possible so that housing (for rent and purchase) is made available for residents who live and work here.

The fact that commercial, absentee owner STRs are incompatible in residential zoning is well documented by studies done in throughout the country and by the overwhelming number of comments you have received from local residents. Commercial businesses do not belong in neighborhoods. Please adopt a strong ordinance so that the peace, safety and integrity of our neighborhoods is restored.

We urge you to follow the guidance provided by the County's Comprehensive Plan goals and policies. These include:

- Goal Housing 1: *Encourage the availability of affordable housing to all economic segments of the population of Chelan County.*
- Policy Housing 2.4: *Encourage appropriate placement and use of vacation rentals.*
 - *Rationale: Vacation rentals impact the character of a neighborhood and impact housing stock.*
- Goal Housing 4: *Support regulatory changes and economic programs that promote affordable housing options.*

We have submitted evidence in a separate comment letter that documents that a high proportion of parcels in rural residential zoning are smaller than the designated minimum lot size. For example, 59% of the lots in RR 5 are smaller than 5 acres, and 42% are smaller than 2.5 acres. Commercial uses must be separated from residential uses. We urge you to set 8 acres as the minimum lot size for Tier 2 and Tier 3 STRs, regardless of zoning category.

We ask that you phase out (sunset) non-conforming STRs within 2 years and do not allow transfer of STR permits. The problems in our neighborhoods and our crisis in affordable housing cannot wait 5 years or longer. We have submitted a separate letter and report that analyses the impact of not

adopting a sunset deadline. Our housing crisis is now. Helping residents that cannot find housing needs to be a top priority.

Please limit occupancy in Tier 1 and Tier 2 STRS to 2 people per bedroom or a maximum of 10 people, whichever is less. The number of bedrooms should be no greater than described on the approved septic and building permits.

Thank you for your consideration.

Residents United for Neighbors Steering Committee

Steering Committee: Bruce Williams, Kirvil Skinnarland, Bob Fallon, Greg Steeber, Mara Bohman, George Wilson, Jerry Jennings, Stan Winters, Steve Stroud, Pat Thirlby, Cherie' Warren, Matthew Carlisle, Barbara Rossing

ATTACHMENT TO EMAIL

RUN COMMENTS ON PLANNING COMMISSION’S DRAFT SHORT TERM RENTAL CODE

September 3, 2020

The following are the latest comments by the RUN Steering Committee on the Planning Commission draft of the STR ordinance.

Line 113 11.04.020 DISTRICT USE CHART

P — Permitted use

P(1) — Permitted use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards

P(2) — Permitted use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards, except for on parcels that are twelve thousand square feet or smaller, the use/structure must be located on a lot with an existing single family residence

P(3) ~~On lots 2.5 acres or smaller the short term rental shall sunset within 5 years of XXX [effective date]~~ Temporarily permitted non-conforming- use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards. On lots smaller than 8 acres, the short term rental shall sunset by October 1, 2021.

A — Accessory use A(1) — Accessory use subject to development standards in Chapters 11.88, 11.93 and/or within the applicable zoning district standards

CUP — Conditional use permit

District Use Chart

USE	RR20	RR10	RR5	RR2.5	RW	RRR	RV	RC	RI	RP	AC	FC	MC
TIER 1	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(1)	P(2)			CUP	CUP	CUP
TIER 2	CUP	CUP	P(3)	P(3)	P(3)	P(3)	P(3)	P(2)			CUP	CUP	CUP
TIER 3	CUP	CUP	P(3)	P(3)	P(3)	P(3)	P(3)	P(2)			CUP	CUP	CUP

NEW SECTION TO BE ADDED TO CHAPTER 11.93 (CONDITIONAL USE PERMITS)

Short Term Rentals:

1. All Tier 2 and Tier 3 short term rentals must be directly accessible by a: freeway/expressway, Urban/Rural Minor Arterial, Urban/Rural Major Collector or an Urban/Rural Minor Collector. Access cannot be via Local Streets through residential neighborhoods. A property can be accessed by a private road dedicated solely to use by the owners and their guests as long as it connects directly to a Collector, Arterial or Freeway. (Reference Table 1. Roadway Functional Classification, Transportation Element of the Comprehensive Plan.)
2. For all Tier 3 short term rentals, either the Owner or the Qualified Person (see Code 11.88.280) must visit the site on a daily basis to ensure that the guests are complying with the provisions of this chapter, the CUP and the short term rental permit.
3. No Tier 2 and Tier 3 short term rental can be located within 1000 feet of another single family or multi-family residence.

Note: The rationale for the shortened sunset period is that STRACC, its members and other STR owners have had ample notice that regulations were coming. The County released drafts and the

Planning Commission held public hearings on draft STR regulations in the summer of 2019. The immediate crisis in the housing market and the impacts on neighborhoods must be balanced against consideration given to STR owners in the form of some period for amortization. STR owners can sell or convert their houses to long term rentals.

- **Lines 175- 186 -- TIERS –DEFINITIONS**
 - Tier 1 rentals owners must live on site in a legal dwelling during the period of any rental (either in the primary house or a legal ADU), not in a trailer, RV, garage, or temporary or mobile unit (see also lines 261-264).
 - Rental on an adjacent property should not be allowed to be counted as a Tier 1 STR. This is a big loophole. One property owner could buy several lots within 200 feet of his home and create a STR cluster in the neighborhood
 - Line 180 -- Tier 1 owners must be present for all rentals
- **Line 195 --TIER 1 ALLOWED IN PUD OVERLAYS AND MASTER PLANNED RESORTS**
 - Only 5% of the units should be allowed to be any form of STR. One of the opportunities in PUDs is the provision of affordable housing.
- **Line 231 – Existing Short Term Rentals**
 - Line 232 E i (a) – We do not believe that any existing short term rental should be considered lawfully established and existing. The current County code does not allow Tier 1, Tier 2 or Tier 3 rentals. **Do not give them a property right.** It will only complicate the sunset process. All short term rentals except B&Bs should be considered temporarily allowed, non-conforming uses. Tier 1 rentals will become conforming when they obtain permits under the new system. Tier 2 and Tier 3 all will be phased out (sunset) except in zones RC, RR20 or RR10 (with lots size greater than 8 acres) but they will need to obtain short term rental permits and possibly also CUPs.
 - Line 237 Section E ii (b) – Only units that obtained an occupancy permit as of **October 1, 2019** should be considered “existing, temporary, non conforming short term rentals”. (Rationale: The County’s first draft of a short term rental code was released in July 2019 so owners have had plenty of time to anticipate that there would be regulations. They can switch to long term rentals or sell. We don’t feel that investors who have rushed to buy and/or convert houses to STRs in residential zones should be given a 5 year amortization period.)
 - Line 250 Section E iii – Change language from 2 years to a sunset of **October 1, 2021**. (Only STRs that existed on September 20, 2019 should be allowed any amortization period.)
 - Line 258 Section E (should be iv) -- **All non-conforming STRs will sunset by October 1, 2021** since owners have the option of switching to long term rentals. (A 5 year amortization period is way too long. Our housing crisis must be addressed sooner. And neighbors should not have to wait 5 more years for Tier 2 and Tier 3 type rentals to sunset.)
- **Line 260 SHORT TERM RENTAL STANDARDS – 11.88.280 (3)**
 - Line 265 -- Overnight occupancy for Tiers 1 and 2 should be limited to 10. For Tier 3, it should be 25. (Tier 1 rentals of more than 10 people are not compatible in rural residential zones. And, allowing more than 25 in Tier 3 in an unsupervised setting raises a host of public safety issues—uncontrolled parties, drinking, fire risk, etc.)
 - Line 271 -- Exceeding Occupancy– This should be eliminated. Applicants should apply for Tier 3 in the zones where they are allowed.

- New Standard-- The maximum number of bedrooms allowed must correspond exactly to the number of bedrooms specified in the septic permit and building permits.
- New Standard-- Outdoor fire pits and similar outdoor fire or cooking devices must be locked during burn bans.
- New Standard -- Amplified outdoor music is prohibited at any time.
- **Line 426 TRANSFERS OF PERMITS – 11.88.280 (4) I**
 - Line 426. STRs are now illegal. No transfer of permits should be allowed. Again this provision implies that the existing owner has a property right that can be transferred. Allowing transfer of permits will slow down the phase out of non-conforming STRs.
 - All owners/officers of STR owned by LLC must be publicly listed. No blind LLC's permitted.
- **Line 464 DEFINITIONS 14.98**
 - Line 469. The definition of bedroom is not in compliance with the IRC which provides definitions for rooms and habitable spaces. The IRC specifies every sleeping room must have an operational emergency escape—either a window or door to the outside. Bedroom must be defined as the number of legal bedrooms designated on both septic permit and building permits. The County may expose itself to liability in case of a fire if a guest is unable to escape the house.
- **Line 493 ENFORCEMENT 16.20**
 - This section needs work as it is unclear how the County will document “repeated failure of the owner or operator to respond to complaints relayed by code compliance officers” and how this relates to the complaints registered by neighbors with the Qualified Person (Line 313). Calls by neighbors to the Qualified Person must be registered, tracked and investigated by the County.

Other recommendations:

1. Fees must be set at a level to completely fund administration of the permit system and enforcement. These fees should be funneled into a dedicated account that cannot be used for other purposes.

2. The task force needs to include representatives who can speak to the affordable housing crisis. There are two major issues driving the need for regulations: need for affordable housing for residents and destruction of the integrity of residential neighborhoods.

3. The BOCC should consider limiting the number of STRs that can be owned by one person or LLC. Please see the language in the Okanogan code:

5.06.050 Restrictions: Only one dwelling may be rented per owner. Each property owner may rent only one nightly rental regardless of the number of properties owned.

MEMORANDUM

TO: CHELAN COUNTY COMMISSIONERS
FROM: BRUCE WILLIAMS
RE: CHELAN COUNTY MAY SUNSET NONCONFORMING USES EVEN IF THEY WERE
PREVIOUSLY LEGAL
DATE: AUGUST 9, 2020

As Residents United for Neighbors has pointed out previously, absentee-owner Short Term Rentals (STRs) are inconsistent with the letter and the spirit of the Chelan Code as well as the Comprehensive Plan. The Code does not provide for any commercial uses in residential areas except in very limited circumstances and only where the property is the primary residence of the commercial operator. This is also true for tourist accommodations: the only allowed uses are Bed and Breakfasts and Guest Inns, both of which must be the primary residence of the operator and limited in size.

Because they are not legal uses, their use can be terminated immediately, as the City of Leavenworth did.

I am aware that STRACC takes the view that STR's are legal in residential areas, although their memo supporting this position is not supported by relevant case law.

I am unaware of the legal advice provided to the Commissioners by the Prosecutor's Office regarding the legality of STR's or, if they were legal, what the Commissioners can do about that.

This memo explains how under Washington law, even if STR's were deemed to be currently legal, the County still has the authority to make them nonconforming uses and sunset them.

WASHINGTON COURTS HAVE CONSISTENTLY UPHELD PHASE-OUT PERIODS FOR PREVIOUSLY LEGAL BUT SUBSEQUENTLY NONCONFORMING USES.

Washington cases have consistently upheld phase-out periods for nonconforming uses and provide support for Chelan County's phasing out of nonconforming short-term rentals (STR) even if the STR owner claims that it was a previously legal use.

These cases used a takings analysis that focused on whether the new ordinance deprived the property owner of all use of the property. In each of the cases, the court decided that the owner was left with some valuable use of the property and rejected the challenge to the ordinance.

The seminal case in Washington is *City of Seattle v. Martin*, 54 Wn. 2d 541 (1959). In *Martin*, the appellant had been renting a vacant lot on a month-to-month lease and using the lot as a place to repair equipment used in his construction business. The empty lot was annexed to the City of Seattle and subsequently zoned for residential use. The ordinance provided: "In the First

or Second Residence Districts, any nonconforming use of premises which is not in a building shall be discontinued within a period of one year from the date this ordinance shall become effective." *Martin*, 54 Wn. 2d at 542. The Supreme Court upheld the one-year phase-out period for nonconforming uses, stating that the constitutional test "is whether the significance of the hardship as to appellant is more compelling, or whether it reasonably overbalances the benefit which the public would derive from the termination of the use[.]" *Id.* at 544.

In balancing these interests, the court noted that the repair work was very noisy and sometimes occurred at night, to the detriment of the public and the neighbors in area subsequently designated as residential.

As in *Martin*, short-term rentals can result in disturbing noise late at night, to the detriment of the public and the neighbors. Owners of short-term rental properties would not be required to tear down the building or liquidate a large business. And an amortization period of a year or more would allow time for short-term rental investors to get some use from whatever physical improvements had been made. After that they have several alternatives: sell the house, rent it to a long term tenant or become a resident and live in the house.

Twelve years after *Martin*, in *Asia v. City of Seattle*, 4 Wn. App. 530 (1971), the Court of Appeals upheld a Seattle city ordinance that extinguished a nonconforming "advertising structure" use. The appellants owned real property "located directly above the southerly tunnel leading from downtown Seattle to the Lacy V. Murrow Floating Bridge over Lake Washington." *Asia*, 4 Wn. App. at 530. The appellants leased the westerly 33 feet of the parcel, which was improved with a highly visible advertising structure, as a site for an advertising sign "from 1958 until 1966 when the city ordered termination of its use for advertising purposes." *Id.*

The ordinance extinguishing nonconforming uses provided for phase-out periods. Appellants argued that "the application of the zoning ordinance to their property completely eliminated the economic use of the property without just compensation and was therefore unconstitutional" as applied to them. *Id.* at 530. The court viewed the property as a whole (not just the 33 foot strip leased for the sign) and disagreed that all economic use of the property would be lost: If "the parcel has economic value and this value was completely eliminated, the appellants are entitled to compensation[.]" but although "the economic value of the total parcel was reduced by the zoning ordinance which eliminated the economic value of the westerly 33 feet of the parcel, the effect was to reduce but not eliminate the value of the total parcel." *Id.* Because the value of the whole parcel was merely reduced and not eliminated by the extinguishment of the nonconforming advertising use, no compensation was due. The "Appellants did not have the right for all time to use property as a site for an advertising structure. Preexisting nonconforming uses are not to be perpetual. The public welfare must be considered, using as a measuring rod the objectives of the zoning ordinance and all of the property within the particular use district." *Id.* at 531.

As in *Asia*, if Chelan County enacts an ordinance that extinguishes nonconforming short-term rentals (to the extent the short-term are lawful nonconforming uses at all), that would at most reduce the value of the owners investment, not eliminate it.

Eight years later, in *Ackerley Communications, Inc. v. City of Seattle*, 92 Wn. 2d 905 (1979), the Supreme Court returned to the issue of nonconforming advertising signs, stating: "It is a valid exercise of the City's police power to terminate certain land uses which it deems adverse to the public health and welfare within a reasonable amortization period." 92 Wn. 2d at 913–19. The ordinance at issue was a newer ordinance than the one in *Asia*. The Ordinance did not provide for compensation to the owners of signs which are removed pursuant to its terms. *Id.* at 907. The court also noted that the "Ordinance in question here specifically recites that its intent and purpose is to 'protect the public health, safety, welfare, convenience and the enjoyment of public travel . . . and to conserve natural and man-made beauty' by regulating outdoor signs in designated areas of the City." *Id.* at 920.

Protecting residential neighborhoods from the nuisance-like activities associated with STRs, promoting housing affordability and maintaining a sense of community in residential neighborhoods are at least as compelling as the aesthetic interest addressed by the billboard ordinance. If Chelan County takes care to ground its short-term rental ordinance in its police power by specifically reciting how the ordinance will protect the public health, safety, and welfare, the court's reasoning in *Ackerley* (and *Asia* before that) should lead to a similar result.

An additional source supporting this view is McQuillin on Municipal Corporations (3d ed.) 366, § 25.183:

"Public policy and the spirit of zoning measures, of which the courts take cognizance, are to restrict and not to increase nonconforming uses. This is necessarily implied by a zoning plan comprehensive in character. Consistently, zoning policy is against the indefinite extension of nonconforming uses. The public effort is not to extend a nonconforming use but rather to permit it to exist as long as necessary and then to require conformity in the future. Indeed, the public intent is the eventual elimination of nonconforming uses. It is only to avoid injustice that zoning ordinances generally except existing nonconforming uses."

Wendy Lane

From: Astrid Tanda Brugger <atandasulli@gmail.com>
Sent: Monday, September 14, 2020 10:15 AM
To: CD STRComment
Subject: STR Lake Wenatchee

External Email Warning! This email originated from outside of Chelan County.

We are under contract for an STR under construction at Lake Wenatchee which has already been listed on AirBnB for November rental.

I am shocked to see the County take such aggressive action in direct violation of property rights.

Our community is 3 homes on 1 acre each. The negative impact of STR is non-existent. We are in the process of assessing termination of our contract given this change and this change will effectively reduce value of these homes by at least 20% (as evidence of areas where HOAs have also overstepped their authority in the same edicts) I had a property at Kachess and sold it for this very reason. The values up there have declined 25% as a result. Government overreach . . .

Astrid Tanda Brugger
Real Estate Broker and Staging Professional



With AgencyOne
Cell: 206-794-1461
Office: 360-668-1091
Fax: 360-668-3953
TandaBrugger@gmail.com
<https://tanda-agencyone.onechimp.com/>

Thank you for your confidence and referrals!
<https://www.zillow.com/profile/atandasulli/Reviews/>



Wendy Lane

From: Bob Bugert
Sent: Sunday, September 13, 2020 11:09 AM
To: Yanis Yonlee; Kevin Overbay; oug.england@co.chelan.wa.us
Cc: Doug England; Jim Brown; CD STRComment
Subject: RE: short term rental draft code

Yanis and Oneida,

Thank you for your email and your comments related to proposed elements of the short-term rental code related to microhomes. We will take this under consideration.

Best regards,

Bob Bugert
Chelan County Commissioner, District 2
Office: 509-667-6215
Mobile: 509-630-4480

From: Yanis Yonlee <yanisplakos@gmail.com>
Sent: Saturday, September 12, 2020 5:47 PM
To: Kevin Overbay <Kevin.Overbay@CO.CHELAN.WA.US>; Bob Bugert <Bob.Bugert@CO.CHELAN.WA.US>;
oug.england@co.chelan.wa.us
Subject: short term rental draft code

External Email Warning! This email originated from outside of Chelan County.

Hello Sirs,

We want to make a complaint about portions of the recently proposed draft short term rental code for Chelan county. My wife and I are a younger couple, starting a family and pay mortgage on our home just 2 miles outside of Leavenworth. Up until the moratorium on new short term rentals, we were full-steam-ahead on developing a short term rental on our property which we reside on.

We read the draft short term rental code that we found online and, while we agree with the need for some regulation on the rampant growth of short term rentals, we strongly disagree with the part of the code that states "in no case shall an owner or operator make available a recreational vehicle, tent or other temporary or mobile unit available for rental."

This portion seems to ban the short term rental of tiny houses or homes on wheels. If you have taken a quick look at some of the more affordable airbnb options in the Plain and Leavenworth area recently then you would see plenty of owners have invested a lot into making available very tasteful tiny homes. What is going to happen to these folks? By the way, many of them otherwise fit into the tier 1 type of short term rental.

My wife and I were planning this very month to purchase an affordable, beautiful and modern tiny home with the intention of creating a very nice space on our property and renting it out short term. This is something that we can afford to do in this otherwise very expensive county, to gain some additional income and hopefully be able to survive here. No, we do not have the finances or ability to build an ADU. If the new rules are intended to help maintain some affordability to housing in Chelan County, then how can you justify taking our right to put in an affordable tiny house next to our primary residence? Furthermore, how are tiny homes not specifically legalized here? The whole tiny home movement basically stems from people needing affordable housing! We

are not rich people buying up real estate in the county just to make money on vacationers while we live half a state away! We are tier 1 and we need a niche to be able to afford the high cost of living here. In general, we find the draft code to be a lot of rules, and overreach to just solve a simple problem....that being rich people from afar buying up all of the real estate and short term renting it without maintaining a local, responsible presence.

Here is a link to the company that builds the tiny cabins we were looking at. We think you will find them quite nice and tasteful.

<https://www.escapetraveler.net/vista-boho>

Thank you for your time,

Yanis Plakos and Oneida Duran
Wilson St,
Leavenworth, WA 98826

Wendy Lane

From: Jim Gebhardt <jimg@striderconstruction.com>
Sent: Saturday, September 12, 2020 4:07 PM
To: CD STRComment
Cc: gebhardts.linda@gmail.com
Subject: STRs and VRBOs
Attachments: STRs VRBOs Talking Points.pdf

External Email Warning! This email originated from outside of Chelan County.

Committee Members,

We own two properties in Chelan County, our primary residence in Leavenworth and a vacation home on Lake Chelan. Our families have lived in the Valley for over 60 years. Both properties have nearby VRBOs (within one lot). This is a big deal to us.

To be most efficient, we put a point paper together with our concerns, thoughts and suggested remedies. [Please see attached.](#)

We listened to your meeting on Zoom and appreciate your efforts.

Thanks,
Jim and Linda

James A. Gebhardt, P.E.
360-319-7308

Short Term Rentals – VRBOs

Jim Gebhardt
12678 Wilson St
Leavenworth, WA

I am a property rights advocate. But my rights end at the property line. The impacts of STRs do not end at the property line.

1. Impacts to the Neighborhood:
 - a. There is, over time, an etiquette developed within a neighborhood. STR renters are not there long enough to know or learn that etiquette, more likely they don't care as it is typically a one and done mentality.
 - b. The presence of STRs with an absentee owner leaves the neighborhood to police the situation or suffer the disruption/annoyance. Property Managers are of little benefit at 2:00 AM. I'm not interested in becoming (continuing to be) the neighborhood watch/hall monitor.
 - c. The lack of "ownership" and "commitment" of the STR user degrades the quality of the neighborhood. Both homes I own in Chelan County have nearby VRBO's and I can assure you they are of the party house/nuisance variety as there are no owners present. Nor are they used in the fashion any responsible owner would.
 - d. Housing prices become inflated as real estate agents market the vacation home (or home that could be a vacation home) on the "cash flow" it can generate as an STR/VRBO. As property values increase so do property taxes to the extent fixed income long term residents are forced to sell. Further destabilizing the neighborhood. This is presently happening on Lake Chelan. Real Estate Agents aggressively market the VRBO aspect of the purchase, ignoring its questionable viability relative to County zoning. A house sold for \$850k three years ago just sold for \$1,450k as the new owner was told it could cash flow \$75k/year as a VRBO.
2. Impacts to the Community:
 - a. STRs place a disproportionate burden on local services, i.e. police, fire, medical and infrastructure/public works. I have talked to the Sheriff. So the remedy requires more resources and results in raising taxes on all properties to further punish the long term residents.
 - b. Some say it is just like long term renters. Not true. The short rental rates are double or triple what a long term renter would normally pay. This is removing long term rental availability for family wage renters.
 - c. STRs are allowed to unfairly compete with hotels and motels, see below.
3. Impacts to the Local Economy and Environment.
 - a. Hotels/Motels are competing with units that are not held to the same standards they are required to maintain.
 - i. ADA accessibility,
 - ii. Parking lot size restrictions,
 - iii. Fire protection systems,
 - iv. Security systems,
 - v. Facility safety standards
 - vi. Occupancy rates set by the Fire Marshall.
 - vii. Special taxes imposed by the municipality.

- b. Given this is an unregulated industry there is not even an inspection or minimum standards compliance requirement.
 - i. No one inspects these units for safety or general code compliance in spite of the fact the use has changed. While I can't do a remodel or expansion without an engineered design submittal, permit, and multiple code compliance inspections conversions to STRs/VRBOs require nothing.
 - ii. The electrical systems do not need to maintain code compliance.
 - iii. Nobody inspects for fire protection systems, or smoke/CO alarms.
 - iv. Septic systems are not inspected for the adverse load conditions to which they are subjected when the occupancy rates are over 2 times the number normally assumed for the number of bedrooms.
 - v. Case in point, Lake Chelan where many older homes have "grandfathered" septic systems that are both under-sized, not properly designed or installed, and too close to the Lake for even normal residential use. I know because I was required to upgrade our system. Our lake house is adjacent to a four bedroom home that was recently converted to a VRBO by its new owner. No building permit was taken though structural modifications were made. The septic system is a grandfathered undersized drainfield immediately adjacent to the Lake. Last month there was not a single short term renter party that did not exceed the published 12 person capacity and got as high as 22 people. Even 12 people exceeds the capacity of the septic system. Many other code violations exist in the facility.

Remedies:

1. Zoning. Like any land use, it can/should be controlled by adhering to the zoning. Arguably STRs/VRBOs are a change of use from residential single-family zoning and should be required to get a variance to the present zoning. This opens the door for community/public review and comment, with appropriate hearing procedures already in place. It would also mandate permitting and inspections. The County should simply enforce the present zoning. While the County may have unwittingly allowed this use type to take hold and grow, it doesn't change the zoning or the rights of people who bought property based on the reading of the zoning.
2. Licensing. Make no mistake this is a business and like any business it needs to occur within the proper zoning and meet facility standards for public use. Inspections (initial and reoccurring) and licensing should be mandated for this use. The license, a specialty business license, should have obligations, to include:
 - a. Payment of B&O taxes, at a special rate to offset the burden to public services.
 - b. Insurance certificates indicating liability insurance and coverage for damage to third parties (adjacent property owners).
 - c. A bond to the public agency (City or County) for the costs of additional services and impact fees.
 - d. Facility Code Compliance (Safety, Fire, Electrical, Water Source, and Septic)
 - e. Occupancy Limitations (sized by the available parking, number of bedrooms, number of occupants, and the adequacy of the facility).

Enforcements:

1. Zoning/Occupancy Violations and Nuisance Complaints: Three strikes and you are out for 10 years. This includes nuisance complaints requiring the dispatch of law enforcement personnel, or written complaints unresolved by the owner.

Wendy Lane

From: Stan Winters <winterss1@me.com>
Sent: Thursday, September 10, 2020 8:07 PM
To: CD STRComment
Subject: Comments from Peshastin Community Council
Attachments: Peshastin Community Council Comments 9_10_2020.docx

External Email Warning! This email originated from outside of Chelan County.

Peshastin Community Council

P O Box 711

Peshastin, WA 98847

communitycouncil@peshastin.org

September 10, 2020

Chelan County Commissioner

Chelan County Community Development

Chelan County Planning Committee

We would like the following comments to be considered by the Planning Commission regarding regulations on Short Term Rentals:

The Peshastin UGA (including zoning areas and uses) should continue to be recognized as distinct and separate from other sections of Chelan County Code including Manson, and unincorporated Chelan County.

The Peshastin Community Council represents the requests and best interests of our community. We wish to retain the current language in our code, including the allowable uses in each zone, and specifically the language that does not list short-term rentals as an allowable use in residential zones.

Any new Chelan County regulations on Short Term Rentals should not change or over-ride the zoning that has been in place in the Peshastin UGA since its creation in 2008.

No Short Term Rental in our residential zones should be grandfathered via a new regulation. There are no “legal” Short Term Rentals operating in the residential zones in Peshastin. Each STR that has operated in residential zones of Peshastin has been illegal, as Short Term Rentals are not and have never been allowed. This is evidenced by the letters of violation that have been sent by Community Development, by an Administrative Interpretation from the Director of Community Development, and by a decision from the Chelan County Hearing Examiners.

Thank you.

Peshastin Community Council

Doug Clarke, Steve Keene, Lauri Malmquist, Tricia Ortiz, Cheryl Parsley, Leticia Vizcaino, Stan Winters

Stan and Vania Winters
8200 Riverview Rd
Peshastin, WA 98847
509 293-0457



Peshastin Community Council
P O Box 711
Peshastin, WA 98847
communitycouncil@peshastin.org

September 10, 2020

Chelan County Commissioner
Chelan County Community Development
Chelan County Planning Committee

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Thank you.

Peshastin Community Council
Doug Clarke, Steve Keene, Lauri Malmquist, Tricia Ortiz, Cheryl Parsley, Leticia Vizcaino, Stan Winters

Wendy Lane

From: Mark D. Babcock <MDB@tenningen.com>
Sent: Thursday, September 10, 2020 6:13 PM
To: CD STRComment
Subject: Short Term Rentals

External Email Warning! This email originated from outside of Chelan County.

Planning Commissioners,

My partners and I are full-time residents of Chelan County. I reside at 190 Grandview Ln, Chelan, 98816. Our company Marita Properties, LLC owns investment real estate at 333 S. Lakeshore Rd. Chelan 98816, located in **Rural Recreational Residential (RRR)** zoning. It is bordered by Rural Commercial (RC) zoning on one side and additional RRR zoning on the other side. The surrounding RRR zoned parcels have existing multiple wineries, tasting rooms, restaurants, wedding venues, bed & breakfasts, and STR's. In fact there is very little residential in this very small pocket of RRR zoning.

We invested millions of dollars in our properties specifically because of it being zoned RRR and the recreational priority given to that zoning in the Comprehensive Plan. The name designation itself "**Recreational Residential**" along with the types of allowed uses for the zone in the District Use Chart as authorized by the Comprehensive Plan, implies that RRR was created in very limited and specific areas for residential areas of a semi-commercial recreational nature. If STR's don't fit that bill concisely, what does?

We have provided numerous comments directly and through our counsel during this process. Early on RRR was recognized in the Draft Code as that it should be exempt from Caps on STR, due to its specific "Recreational" designation in the Comprehensive Plan, along with Planned Unit Developments and Master Planned Resorts. (Draft Code, July 2, 2020, Lines 374-377.)

Suddenly in the July 14th Draft Code Revision RRR was dropped out of the exemption to the Caps, (Lines 194-196), leaving PUDs and MPRs as the only exemption to the Caps. I have attended every single meeting, hearing, work session etc. of the PC and the BOCC on this matter. In addition I have re-listened to every minute of the videos of those meetings multiple times. Never in the public forum has the issue of RRR not being exempt from the Caps been discussed. In addition when it was suddenly lined out of the Draft Code, the Consultant nor did any Planning Commissioner point out this major change in revisions to the other commissioners for deliberation. We ask to know why RRR was lined out from the exemption and shown where the Commission deliberated this matter. Was it just inadvertently lined out by the consultant's staff making revisions, or were there side-bar discussions not of the public record, and then not brought to the full Commission's attention for required deliberation? We have brought this issue up to the PC numerous times through counsel and have not once received acknowledgement or seen any evidence at all of it being deliberated.

We ask that along with the current exemptions for Planned Developments and Master Planned Resorts, that Rural Recreational Residential (RRR) be added back into the exemption from the proposed Caps on STR's. (11.88.280, (2) (B) (1), (Lines 194-196 of the July 14th Draft Revision). In addition we ask that Major Sub-Divisions as defined in the current code also be exempt from the STR Caps if such Major Sub-Division is created specifically for the purpose of marketing STR's. Just as a Planned Development, or Master Planned Resort, a Major Sub-Division is subject to all the same review process and scrutiny. These exemptions would allow for planned STR creation and growth in controlled and managed environments, helping to satisfy the growing demand for this tax and revenue producing market that a "recreational county" relies upon. Without creating the undesired effects in "normal residential zones".

We respectfully ask that these points be openly deliberated by the Commission.

Additionally please do not lose sight of the fact that the vast majority of STR renters are families and extended families enjoying the recreational opportunities of our county. Not only does the county advertise to bring in such tourism but it is a major producer of revenue to small business and families, not to mention taxes to the county and its cities. What about the jobs it produces directly but mostly indirectly. Families come here because of STRs, not motel rooms and hotel rooms. By eventually sunsetting or "outlawing" all STR's in the desirable recreational areas you are driving the revenue out of the pockets of families and individuals and into the pockets of hotel corporations who will rush to fill the need. But will never really replace a home rental.

The real issue at hand is lack of registration, licensing, operational standards pertinent to life-safety and nuisance laws, and special taxing needed to provide the revenue for proper verification and enforcement. It is not a land-use issue. These standards should be tightened up immensely and after the resulting 'shake-out' of operators and/or properties that don't, can't, or wont qualify and comply, then see where the real land-use issues are after a couple of years of proper controls. There probably wont be any. A lot of law suits, harm to property owners, lost jobs, lost revenues, lost taxes, decreased property and real estate tax values, would be avoided. At the same time life would immediately improve for residents who woke up one day to have their existing neighborhood turn into "party central" where there are a few bad actors, or simply no perceived controls or standards. As an analogy, you would never as "government" solve traffic congestion, safety, and bad driving issues by "capping", "sunsetting", "outlawing" new drivers licenses issued. You would tax specialized use, build better roads, improve traffic control, and increase standards and testing to obtain licenses. You wouldn't have a driver's license lottery. Every citizen has equal opportunity and privilege to drive if qualified to do so.

As commissioners you do not have an easy job to sort this out. Rather than make full sweeping changes the impact of which it is not possible to fully comprehend, please take small steps on clearly defined segments of the issue that are fully understood and actionable. Then add to as the resulting impacts are seen.

Regards,

Mark D. Babcock
Managing Member
Marita Properties, LLC

Wendy Lane

From: Trisha Wilkie <trishamwilkie@gmail.com>
Sent: Thursday, September 10, 2020 3:44 PM
To: CD STRComment
Subject: Short Term Rentals in Leavenworth

External Email Warning! This email originated from outside of Chelan County.

Dear Commissioner,

As a resident of Leavenworth living outside the city limits, I am frequently impacted by the use of short term rentals (STR). I live on Wilson street and have a STR directly across the street and directly behind my house. I believe there are at least four STRs on my short street. The house across the street from me sleeps over 15 people and is frequently full on weekends. I have never met the owner and the house is effectively a business run by a property management company. Vehicles in and out of STRs create a significant amount of non-residential traffic and my dead end street without sidewalks is often very busy making it difficult for my small children to ride bikes.

In a town with a housing crisis, houses in neighborhoods should not be used as vacation rentals. It negatively impacts the neighborhood and investment properties like the one I described really belong in commercial zones. Residential zones need your protection to foster neighborhoods and a sense of community.

Thank you for your consideration.

Trisha Self

Wendy Lane

From: Lee Adams <leea@ae1.org>
Sent: Thursday, September 10, 2020 12:16 PM
To: CD STRComment
Subject: STR Comments/Input

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Apologize as I was not able to participate in last night's call, please include the following in the public comments concerning the proposed regulations for STR's.

I appreciate the time effort and energy being put into this subject and sincerely hope a better solution for the people being negatively affected by STR's can be implemented without these proposed overreaching unnecessary new regulations, which if implemented will create a lot of additional legal expense for the County and residents that will fight this, which we all know only the Attorneys actually benefit from that situation. Please confirm receipt of this message.

I am requesting the following changes and or considerations be taken for the Lake Chelan (and Manson) areas specifically:

- Remove the new onerous fees, rules and regulations that are being proposed which will ultimately reduce or get rid of many STR's. This will negatively affect the positive tourism the Lake Chelan area needs to keep people employed and taxes flowing for schools and various other community funding needs. This will negatively affect family enjoyment options and force more people into more expensive and often already booked solid hotels in the Chelan area during the summer season.
- Grandfather all existing STR's that have in good faith been in compliance and not caused ongoing problems through lack of management/oversite. Many of these homes were built or bought with the intention of having the ability to use as STR's. What gives anyone the right to change the rules of how we use our property as long as we are not negatively affecting others rights. We are not telling anyone else how they can or cannot use their property, for instance mandating how many friends you can have over for dinner, or mandating how many children can be playing in your yard.
- Treat STR's as you do any other family residences, homes that people vacation, eat, sleep, and enjoy the company of family and friends, just like home owners do. These are not commercial enterprises as some have expressed. Retail trade is not going on throughout the day with products and services being rendered. The home is being used as a home by another family or group or families.
- The 10 person limit is arbitrary and a one size fits all mentality, which is simply not right. Properties on one or more acres are significantly different than properties on 12,000 square foot lots, just as a 5,000 sq ft home is significantly different than a 2,000 sq ft home. Conditional use permits are not the answer, they are labor intensive, expensive, onerous and discouraging, which again will lead to elimination of assets in the community.
- Extend this process until face to face public hearings can be held, with Covid-19 many have no idea this process is going on or simply do not have the technical means to be involved with this

virtual process. It is wrong to claim the public has been properly notified and educated on this subject.

- Put the focus on enforcing current nuisance codes, being good neighbors and this will eliminate the majority of the issues people have with STR's in general. If the property owner does not manage or deal with in a reasonable fashion, then pull the right to be a STR.
- It appears there are problem areas (Leavenworth area) where a group of people do not want these in their neighborhood, why can't they create HOA with CC&R's in these specific neighborhoods not allowing STR's. There are areas in Lake Chelan where this has been done without imposing increased rules and regulations on all areas. This is working well and strongly suggest this be pushed through as a solution vs broad brush one size fits all approach.

I have owned property in Lake Chelan for over 20 years, I have invested a lot of time and financial resources in the Lake Chelan area with a simple goal of providing places that family and friends can gather in a beautiful setting on Lake Chelan. I know multiple families that have traditions of gatherings dating back 5, 10, and even 20 years on the lake, many STR's accommodate larger groups of people and allow for these traditions to continue for many years to come. Not everyone can afford to live on the lake, but most can afford to rent a home on the lake and create wonderful vacation memories in the comfort and familiarity of a home. Not having to eat all or your meals out, and being able to BBQ for your group are huge winners for families. Grandparents and grandkids can be together, families can pool together and create lasting friendships and great memories. To make this available I do have to be able to afford the many expenses including property taxes, rental management of the properties (which includes strict vetting standards), maintenance, utilities, insurance and various other basic costs of ownership. I also use my properties for employee team building experiences and or a benefit as a service award for them and family. If I was not able to have these as STR's then none of these positive uses would be possible. Hotels, Motels, Condos, B&B's simply cannot create this environment and there are not enough of them. Basic economics is if you cut the supply of STR's then the price of the other options will rise significantly and thus create another barrier for families to enjoy this haven. Having a lot more half of the year empty Vacation Homes, is that really what Lake Chelan area needs more of? I don't believe so and believe the majority of the permanent residents and businesses do not either.

Lee Adams
49 Blessin Ln
Manson WA 98831
and
6515 W Clearwater Ave #214
Kennewick WA 99336

Wendy Lane

From: Ryan Harmaning <ryan.harmaning@gmail.com>
Sent: Thursday, September 10, 2020 9:07 AM
To: CD STRComment
Subject: Comments on Proposed STR Regulations

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Hello,

We are writing in opposition of the proposed regulations of Short Term Rentals (STRs) as currently proposed by the BoCC, as most recently proposed as of 9/10/20.

First, if these restrictions remove our right and ability to use our home as a STR, our annual family income is significantly impacted. While not only creating financial instability during these uncertain times, this additional income has allowed us to realize the dream of owning a vacation property in the Leavenworth area - an area we've been visiting for decades. In the last year, we've stayed in our place for close to 90 days, so are well-known and liked by our neighbors and we strongly (and successfully) encourage respectful use by our guests. The reduced income to our family doesn't stop with our bottom line: the income brought by nightly rentals also bless our beloved small businesses like Plain Grocery, Plain Hardware, the Old Mill Cafe, and many others in the area.

Second, while having been on most of the Commissioner's public zoom calls, we have not heard with any clarity how or why the sunset clause was created, nor how STR-density numbers were settled on. This leaves us with no way of knowing if they are reasonable, nor to what degree they will ameliorate existing concerns. They appear to be guesses (draconian one's at that) which offer no reasonable way to evaluate their effectiveness over time. The aggressive nature of these proposals suggests influence by parties greater than just a few complaints of noisy guests (an issue that could easily be addressed with better enforcement of current laws funded through STR fees and penalties for bad actors)

This is not just an issue of lost income to my family and the community, it is also about setting the precedent for ever-increasing governmental control over citizens' use of their private property, and again - NO plan for evaluating effectiveness over time.

We are not speculators, we are not commercial real-estate developers, we are simply a family who is thankful to be able to enjoy everything Chelan County offers and to be able to extend that to others when we are not using it. We are investing in our future through *safely* exercising an under-utilized resource which we not only pay taxes for, but continually maintain and improve. We are happy to be here as concerned, and courteous neighbors, eager to improve our community through partnering in enforcing laws *already* in place to address issues on this matter. We are *not* for adding a web of government bureaucracy that will cost taxpayers even more to subsidize in perpetuity, all while killing a significant driver to our economy.

Thank you for your consideration,
- Ryan and Ruth Harmaning

Wendy Lane

From: Nik Moushon <nmoushon@gmail.com>
Sent: Thursday, September 10, 2020 8:03 AM
To: CD STRComment
Subject: STR Comments

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To the Board of County Commissioners,

I agree that STRs can be a thorn in the side of some of the residents that live here in Chelan County. The fact that the current codes are rarely enforced make the situations far worse than they should have ever been allowed to get. Change needs to occur and codes need to be in place to protect the residential neighborhoods that we all call home. The best way to make meaningful change is to target the actual problem and the causes. So who is to blame? Is it the County for not properly enforcing the code & laws? Is it the police for not caring enough? Is it the neighbors that were too afraid to make a report so that the County knew how bad things were getting? Was it the STR owner that could never be contacted when a problem occurred? Or is it just a few "bad apples" that are making all STRs look bad? I don't think you can place the blame on any single group or persons here but a collective turn of events that just kept snowballing into the mess it is now.

I've read over the proposed code and I will agree that it will potentially help mitigate some of the problems but not all. They are also written in a way that is extremely broad and bunch all STR owners into one group: the "evil corporation" group. I think the way the proposed code is written puts an extreme undue burden on the local STR owner by treating them as a mass corporation trying to make millions versus the local construction worker or nurse who is trying to afford just one small weekend getaway. I support putting a cap on the total number of STRs in the county, as we do have a housing crisis, but I feel there are a couple things that need to be considered alongside the cap that have not been.

One of those is that there was no data provided, that I could find, that shows where the owners of all the STRs live. Are they local (live in Chelan/Douglas County) or are they from outside the two counties? I think if you took this statistic and applied it to the STRs totals and all the reported complaints on STRs that you will find two things. One, that a good portion of the STR owners are local and probably average between 1 and 2 rentals. The second, that the vast majority of unresolved complaints come from STRs where the owners are not local and are repeat offenders. This would show that STR owners that are local are not the cause of the majority of the issues. That the non-local owners are the root to the majority of the problems, and especially the ones that own numerous rental properties. So if the majority of the issues come from non-local owners, instead of local owners, why should the code not apply differently to the two? I would suggest that the code take into consideration WHERE the owner's primary residence is AND how many rentals they own. The vast majority of local STR owners, that I know, own only one rental which is either their weekend getaway cabin or their residence they plan to retire at in the future. Aside from using the typical mainstream website for bookings they typically do the managing and cleaning themselves and deal with all the issues that come up themselves as well. So I propose that if your primary residence is local (Chelan/Douglas County) that you can have one STR that does NOT count towards the rental cap or the proposed zoning regulation and any over that are counted towards the rental cap and zoning regulations apply. They still need to meet all permit and code requirements. They also have to be permitted and owned by the local resident and not a LLC or business. Let's face it, even if the owners of these types of STRs can't rent them, for any one of the numerous reasons that are outlined in the proposed code, they more than likely won't be selling them anyways and if they are they won't be at a price that would be affordable to help put a dent in the housing crisis. They will just sit there empty for most the year. They won't be bringing in tourists to spend money and they won't be bringing in more tax dollars for the county. Removing the potential to rent these specific, locally owned, properties literally does nothing to help solve any of the major issues that are brought up by local residents that are against STRs.

I do also want to add that I do not believe that removing a large amount of STRs from the market, and forcing them back on the market as non-STR single family homes, will help the housing crisis as much as most people think it will. Let's assume that all the STR houses that are above the 5% cap came on the market all at once and took a large hit in their

value because the market was flooded. What would the drop in value need to be for these houses to drop down into the range of the "reasonably priced" housing market so that they would help alleviate the current housing crisis? Even if they were to drop 30% in value, which is close to the value lost from the '08 recession, the vast majority of these houses would still be out of the range of the buyers that are most affected by this housing crisis. Some obviously will fall to the point of being affordable but most won't. So then who would buy all these houses that would flood the market? Not the locals who need them or want them but the rich from the west side of the mountains that see a massive deal on a second or third house. The rich that would come over, for maybe two weeks out of the year, and the rest of the year let it sit empty. They would be rich enough to not care about it sitting empty and not making money. They would not care about the tourism loss or tax dollars lost for the county. The vast majority of these houses would never help the housing crisis no matter when or for how much they come on the market for. This would also drastically lower the value of the house of the full time residents as well since all comps are now 30% less.

Another thing I would ask the county to think about is how these changes would affect the lodging industry, both the hotel industry as well as the STR industry. Both the STRs and hotels are mostly, if not entirely, booked out for the peak seasons. So what will happen when you take away a large chunk of available STR rentals as lodging for tourists? If the hotel industry is already at, or near, capacity what will happen when a large portion of STR rentals are no longer there? Where are all the displaced tourists going to stay? The number of available lodging units, total, has decreased but the demand has stayed the same or gone higher. With this demand, but less units total, it will lead to a price increase for renting a STR and a hotel room. And since there are no additional hotel rooms to pick up the displaced tourists from the loss of STR rentals they simply will just not come. The traffic is too horrible for them to stay in a Wenatchee hotel or STR and too far away to make Leavenworth or Chelan a day trip. How many new hotels have been built in any of the major STR areas? The only one I know of in recent years is the Hilton in Leavenworth. When was the last one before that? Is the county expecting to see a large increase in hotels being built and where exactly? There is not a lot of available land in downtown Leavenworth or Chelan large enough to support more hotels. So how does the county foresee these STR regulations affecting the need for lodging and the amount of lodging that would be available after the regulations go into place? Based on the data provided, in the Leavenworth area alone, it shows that to meet the 5% cap, 509 STRs will have to close down. I don't know what the average number of beds is in the Leavenworth area but, for the sake of easy math, let's just assume the average is 6 beds. That means for one STR that closes down you will need 3 double bed hotel rooms. So the closing down of 509 STRs translates to a total of 1,527 double bed hotel rooms that are needed in the Leavenworth area just to meet the current demand for lodging by tourists. I helped design the new Microtel Hotel by Wyndham that was recently built in George, WA. It is a 3 story, 30,000 sf, 65 room hotel. They are all not double bed rooms but let's just assume they are. The hotel, parking & landscaping take up just shy of 1.5 acres. So let's use this as a standard, again for easy math, and figure out how many hotels are needed to replace the STRs that are lost. If each hotel had 65 rooms and took up 1.5 acres you would need 24 new hotels that would sit on a total of 36 acres of land. Where in the Leavenworth area are you going to find 36 acres of land, in a location that would not only support a hotel (both amenity and attraction wise as well as the required utilities and zoning) but would be able to draw the needed investors and hotel chains to build this many new hotels. I will add a disclaimer that my numbers are based on how I interpreted how the STR caps are applied. If my interpretation of the code is off, I apologize, but I think my intention with the example comes across clearly and the council can easily adjust the numbers.

Thank you for taking the time to read and consider my concerns. If you would like to further discuss any of the suggestions I made please feel free to reach out to me. I am a local architect that deals with codes and zoning on a daily basis and as such have a better understanding on how they affect local communities more than most.

Nik Moushon
841 Red Apple Rd
Wenatchee WA

Exhibit B

Short-Term Rental Locations & History

September 17, 2020

Planning Commissioner Ed Martinez found a helpful tool that illustrates maps and graphs side by side – datastudio by Google. Commissioner Martinez was interested in looking at the change over time by community in both active short-term rentals (STRs) and inactive ones.

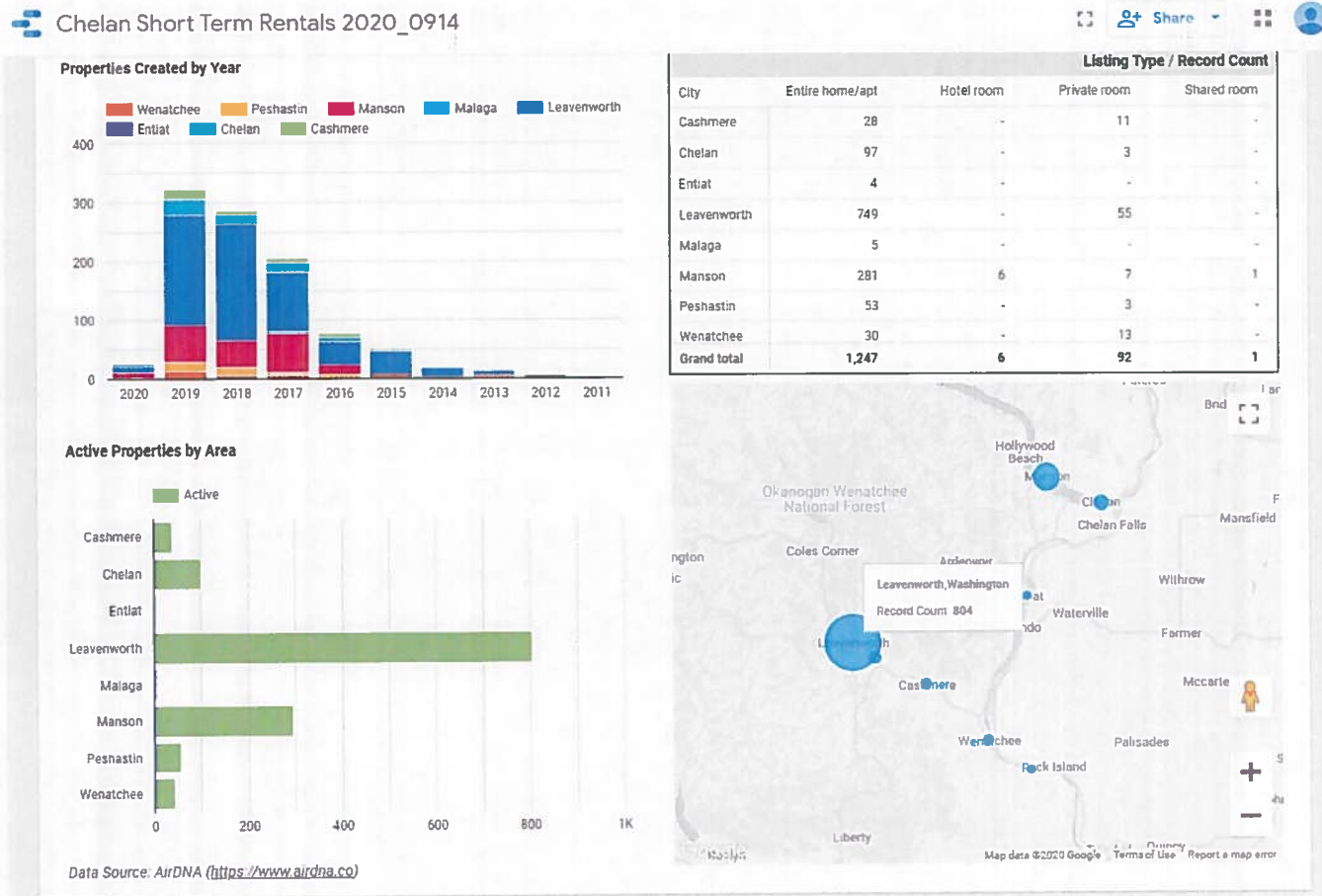
We used the webtool the Commissioner proposed and filtered the AirDNA data so that Commissioners can click the active and inactive accounts on and off and unincorporated and incorporated accounts on and off. Year by year progression is also visible.

The data tool is located at this link: <https://datastudio.google.com/reporting/d9aa86df-9d70-45bf-8df5-a72c6d774d78/page/DoxfB>. An example figure is shown on the following page that “clicks” on active STRs in unincorporated areas only and clicks off inactive accounts and STRS in city limits.

Some notes about the data are in order:

- To protect privacy, AirDNA has indicated the location is within 500 meters of accuracy so some STRs considered in the unincorporated area or the city limits may be off, particularly where boundaries are irregular such as near the Chelan city limits and Urban Growth Area. Total AirDNA results for the unincorporated area are likely in the ballpark (considering 2 platforms) given other sources of information from Host Compliance (considering 5 platforms).
 - Host Compliance estimated across five platforms and counted about 1,535 unique rental units in March 2020 in unincorporated Chelan County. Host Compliance report attached in full to the situation assessment transmitted to the Planning Commission in [April 2020](#). Their data is static and we do not have access to detailed records.
- Considering active accounts tracked by AirDNA in AirBNB and Home Away platforms in the unincorporated areas there are about 1,247 whole home rentals and about 92 private rooms. For about 1,339 potential STRs that would be regulated as of about February 2020. As reported in prior documents to the Planning Commission, most STRs were created in the last 5 years particularly in the Leavenworth vicinity.

Figure 1. AirDNA Active Accounts in Unincorporated Chelan County – Creation over Time in Data Studio/Google Tool

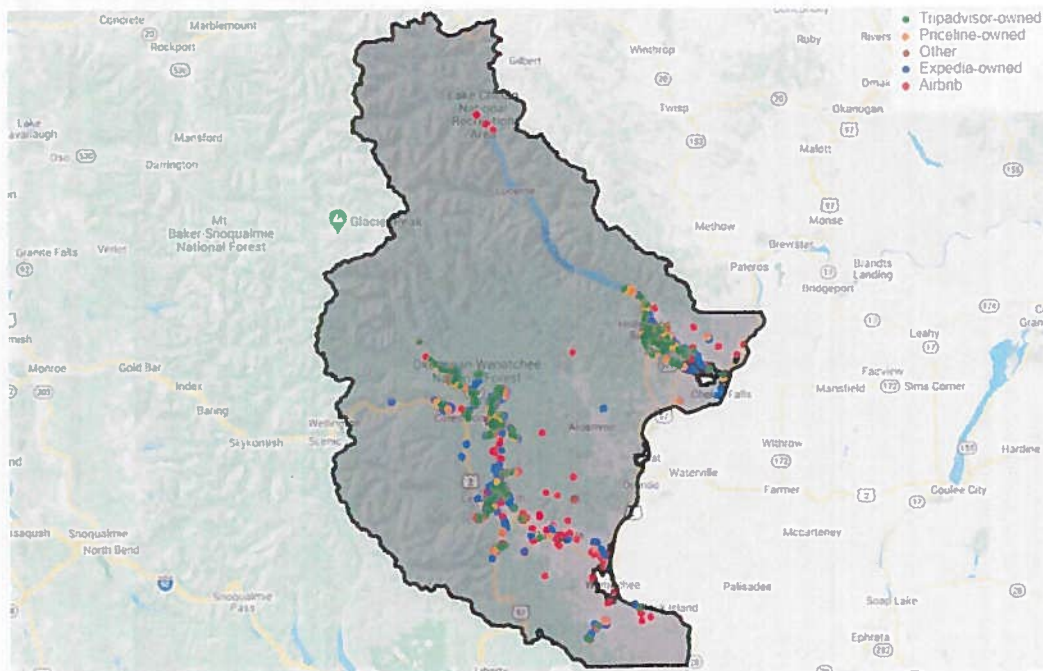


Source: AirDNA.co

Figure 2. Host Compliance Estimate of Active STRs in Unincorporated Chelan County

...and in the unincorporated areas of Chelan County including the UGA excluding city limits we have identified 2,376 listings, representing 1,535 unique rental units*

Short-term rentals as of March, 2020



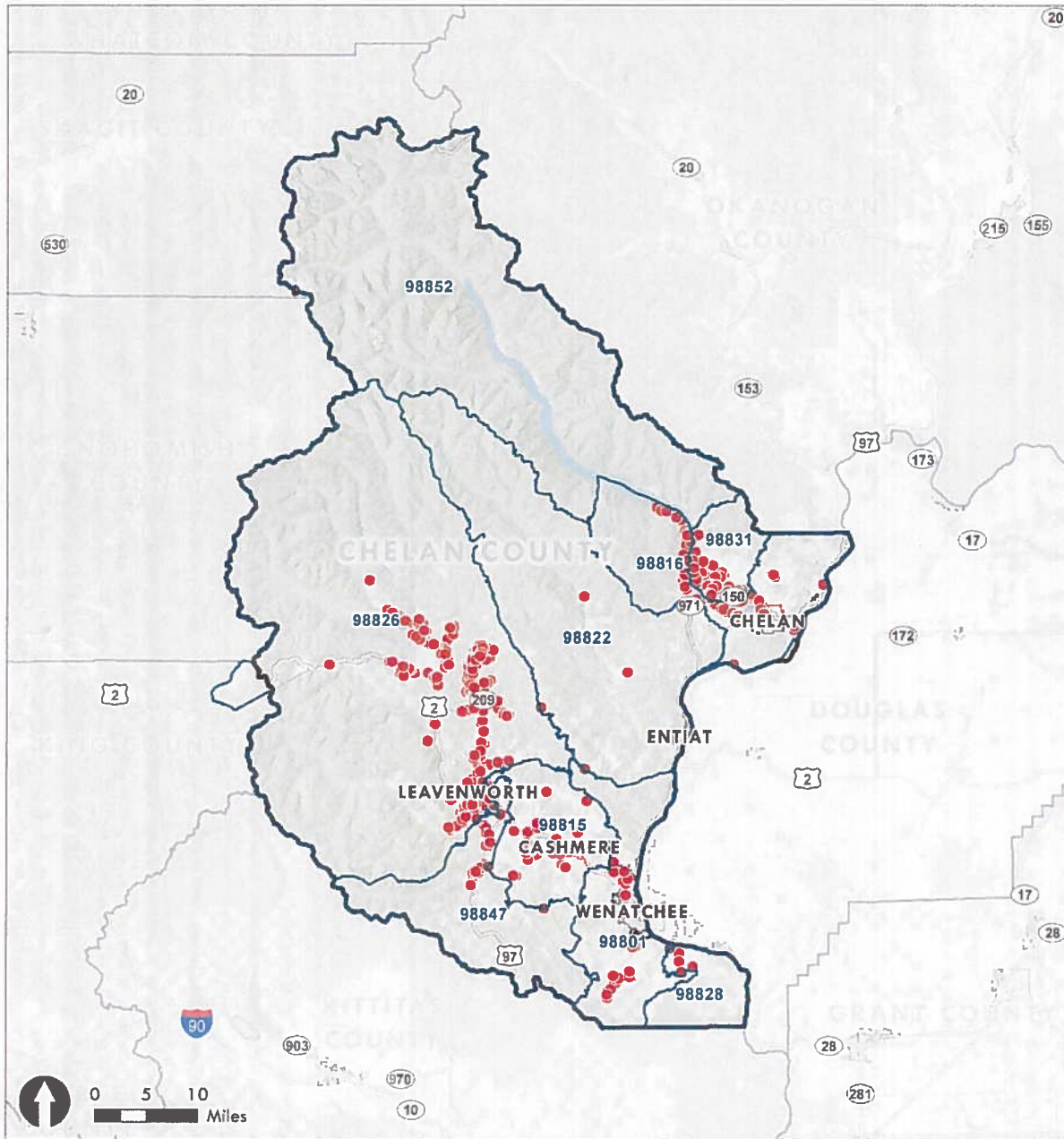
* Host Compliance's pricing is based on the count of listings and rental units that would need to be analyzed and monitored for compliance. In terms of listings, this number is 3,142 as we will expand our search area by several hundred yards beyond the borders of the unincorporated areas of Chelan County including the UGA excluding city limits to capture all relevant listings. Source: Host Compliance Proprietary Data

2

Source: Host Compliance, 2020.

The pattern of where STRs are located are similar between Host Compliance and the AirDNA data. The map below shows STRs that are full home rentals by zip code according to AirDNA data.

Figure 3. AirDNA Active STRs in Unincorporated Chelan County, Whole Home Rentals



LEGEND

- Short-term Rentals (est. 1,200 active)
- ZIP Code Boundaries



Source: AirDNA, 2020.
 Data notes: This data tracks individual short-term rental property level from AirBNB and HomeAway. The location data on individual properties is within 500 meters of accuracy. It shows only properties that are assumed to be in unincorporated areas and are listed as an entire home/apartment.

Source: AirDNA.co; BERK 2020.

The Table below includes active and inactive STRs for entire homes/apartments, cumulatively by year in the unincorporated areas only; it uses property data from AirDNA.

Table 1. Creation of Full Home Short-Term Rentals 2014-2020 – Active and Inactive Accounts in Unincorporated Chelan County

Year 2014-2020	Active and Inactive
County	Chelan
Listing Type	Entire home/apt
Unincorporated	Yes

Count of Created Date	Year							Grand Total
	2014	2015	2016	2017	2018	2019	2020	
98801			4	13	13	11		41
98815	5	1	2	4	10	11		33
98816	5	8	29	34	29	17	1	123
98822					2	3		5
98826	49	44	152	200	183	229	15	872
98828	1			3	3	1		8
98831	10	20	75	85	84	90	3	367
98847	4	2	8	12	24	10		60
Grand Total	74	75	270	351	348	372	19	1509

Source: AirDNA.co

The Table below identifies how many STRs are active as of early 2020, in unincorporated areas by zip code, including full homes and the private rooms.

Table 2. All Types Short-Term Rentals 2020 – Active Accounts in Unincorporated Chelan County

Year 2020	2020
County	Chelan
Unincorporated	yes

Zip Codes	Type				Grand Total
	Entire home/apt	Hotel room	Private room	Shared room	
98801	30		13		43
98815	28		11		39
98816	97		3		100
98822	4				4
98826	749		55		804
98828	5				5
98831	281	6	7	1	295
98847	53		3		56
Grand Total	1247	6	92	1	1346

Source: AirDNA.co