

Jessica K. Thompson

From: Dave and Arlene Lowrie <ogopogo22@gmail.com>
Sent: Thursday, September 12, 2024 3:37 PM
To: CD Comment
Subject: STR's

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

Planning Commissioners

We are opposed to any changes to allow more STR's in our community. We are already over the 6% that is allowed now.

Dave and Arlene Lowrie
Chiwawa River Pines

Jessica K. Thompson

From: Debra Patterson <dkpatters@gmail.com>
Sent: Thursday, September 12, 2024 3:16 PM
To: CD Comment
Subject: Proposed Changes to Chelan County STR Codes

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

I am very opposed to the proposed changes in the STR code because most of these changes would result in the proliferation of STRs in residential neighborhoods in our county. Another proposed change would increase the occupancy of all STRs.

I'm opposed to an increase of the 6% cap on the number of Tier 2 and Tier 3 STRS.

I'm opposed to changing the rule that requires Tier 1 rentals to be owner occupied.

I'm opposed to a code change that would exclude children under two years of age in the number of occupants in all Tiers.

You did it right the first time. Compromises were made, especially on the part of those fighting for the rights and wishes of local residents, who just want to live peacefully in their own homes, and who expect local government to support a lifestyle that all local residents deserve, including yourselves.

Please think about how these changes in the code would negatively impact local residents and choose to keep the codes as they are.

Thank you for your time.

Debra Patterson
Manson, WA

Jessica K. Thompson

From: Chris Weiss <cnweiss@gmail.com>
Sent: Thursday, September 12, 2024 11:33 AM
To: CD Comment
Subject: Public Comment on proposed amendment to STR code

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

I am a permanent resident of Chelan County, living in the Fish Lake/Lake Wenatchee/Plain area.

Short term rentals here already are well above 6% of the residential properties. The rise of STRs have markedly affected the character of the residential areas in a negative way. Long term, affordable rentals for folks seeking to live and work here have vanished, replaced by homes that are offered up for a few nights at a mouseclick by absentee owners.

These STR commercial interests are funding a campaign seeking to influence the Chelan County government to change the recent code amendments that were enacted only after an extended moratorium period of comment, negotiation and compromise. Our community deserves better.

Please listen to the citizens who live here, rather than to the small special interests who are trying to buy changes in the law for their personal financial gain. For a lot of those special-interest STR businesses, the revenues generated here are leaving Chelan County to owners living elsewhere. Let's keep it local, folks. Housing for people who want to live and work here. There already are plenty of STRs. No more.

Chris Weiss
Fish Lake

Jessica K. Thompson

From: Linda Sarratt <sarratt01@msn.com>
Sent: Thursday, September 12, 2024 10:52 AM
To: CD Comment
Subject: str changes

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

Dear committee, The proposed changes would diminish the years and hard work that established the current regulations

I live on Eagle Creek Road in Leavenworth. Before the current regulations, homes were purchased used as short term rentals with no regulations for occupancy, property standards or neighborhood disturbances.

What is the reasoning behind the proposed new regulations? More income for Chelan County treasury? Or catering to a special interest group?

I trust that these new proposals will be abandoned, and we can work towards peaceful neighborhoods and homes available for family purchases.

Sincerely, Linda Sarratt
10897 Eagle Creek Road
Leavenworth, WA.

Jessica K. Thompson

From: emily lesky <ewlesky@gmail.com>
Sent: Tuesday, September 10, 2024 1:12 PM
To: CD Comment
Subject: Short term rental proposed amendments

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

Greetings County Commissioners and Committee Members

I am writing in favor of all the proposed amendments to the short term rental regulations. I believe the rental cap should be raised especially in areas that are predominantly recreational and not residential. Perhaps short term rental caps should be different within city limits as opposed to recreational areas. Most rental properties that contain waterfront or in many of the recreational areas are not in the affordable housing price range for most local workers. Affordable housing is a whole other conversation. Million dollar homes are not affordable housing. The ability to rent a lake cabin or other recreational property has been a way many "local" families could afford such a property, not just the wealthy elite. Now that opportunity has been limited to only select wealthy property owners. Please look to restoring the opportunity for recreational property rentals back to the local property owners.

Thank you for your consideration.

Emily Lesky
Local property owner

Jessica K. Thompson

From: White River Road Cabin LLC <whiteriverroadcabin@gmail.com>
Sent: Tuesday, September 10, 2024 5:22 PM
To: CD Comment
Subject: STR Code Changes Feedback

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

Hello,

I am a property owner in Leavenworth and would like to share my thoughts about the proposed STR changes.

- I **support** the proposal to exclude kids under 2 toward the maximum occupancy count. This is a common practice across the travel industry (i.e., airlines) so I think it makes sense.
- I **oppose** requiring annual safety inspections - this is overly burdensome.
- I **oppose** requiring proof of paid taxes annually - this is also overly burdensome.
- I **support** the two person per vehicle limit being removed.

Thank you for your consideration.

Kind regards,
Keezia

Jessica K. Thompson

From: Buzz FW <buzzfw@gmail.com>
Sent: Tuesday, September 10, 2024 9:08 PM
To: CD Comment
Subject: STR Code changes comment

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

Hello,

I am writing to provide our feedback on the proposed regulations:

- **Support Excluding Children Under 2 from Maximum Occupancy Count:** Excluding young children from the count is practical and recognizes that they typically do not impact space requirements significantly.
- **Oppose Requiring Annual Life Safety Inspections:** We believe this may impose excessive administrative and financial burdens. More flexible inspection schedules could be more effective.
- **Oppose Proof of Paid Taxes Annually:** This requirement could create unnecessary administrative challenges and complexities for property owners.
- **Support Eliminating the 2 People Per Vehicle Cap:** Removing this cap would offer greater flexibility and convenience for residents and visitors.

Thank you for considering our perspectives.

Best Regards,

Kevin Weishaar

September 8, 2024

Sean Lynn
Founder and CEO
Love Leavenworth Vacation Rentals
217 Cascade Street
Leavenworth, Washington 98826

Dear Planning Commissioners,

Thank you in advance for considering my comments. Love Leavenworth Vacation Rentals employs 45 Chelan County residents and manages 115 STRs in the Upper Valley. I am also Vice Chair of STRACC, sit on the Board at BNCW, and was a member of the Short Term Rental Task Force. I was recently invited to sit on the Board of the newly organized Visit Chelan County non-profit. I have been steadily advocating for fair treatment of STRs since 2016. It is important to consider facts when considering any changes or modifications to the STR code.

To reiterate from my previous testimony:

- Documented nuisance citations of permitted STRs are infinitesimal. My estimate using the 2020 Economic Study is 1 citation in 150,000 rental nights in almost three years of data collection.
- Per Department of Revenue- 2022 & 2023, Unincorporated Chelan County Lodging Tax has **declined 27.6%**, while the City of Leavenworth Lodging Tax has **increased 26%**. Prior to 2022, Chelan County saw a relatively steady growth in Lodging Taxes.
- Clearly the adoption of the STR code in 2021 has had a negative impact on lodging in Unincorporated Chelan County and by default the entire Chelan County Tourism Economy.
- Lodging Tax is a solid barometer for the health of Chelan County's tourism economy.

As a former STR Task Force Member, I can assure you that all parties knew the STR code would need to be revisited and modified after a year of operations. I am of the opinion that most of these proposed changes will have little impact on the residential community members and will have a net positive impact on the Chelan County economy, housing sectors, and STR operator stakeholders.

Changes to the cap rates should be carefully considered, and plenty of public input should be given to this specific amendment.

Excluding Children Under Two from Occupancy Count. BOCC

- Consistency-Most STR codes have relaxed occupancy regulations, and those with stricter regulations will often not count children two and under.
- For example, the Washington Counties of King and Pacific, plus Maui County in Hawaii, do not count infants towards the maximum guest occupancy of an STR.

- Align with STR booking platforms such as Airbnb and VRBO, which do not count children two and under. This is a major pain point for STR stakeholders in Chelan County.
- Chelan County should promote and encourage families to enjoy STRs.
- Septic concerns are non-existent. On average, Chelan County STRs are annually occupied 37%. Children 2 and under have little to no impact on septic systems.

Tier 1 allows a Designated Manager (DM) to live onsite. BOCC

- This is a Win-Win scenario for Short-Term and Long-Term Rental housing advocates, as it would allow for more Tier 1 STR growth and increase LTR rental options.
- Along with creating additional LTR housing options, STR owners could reduce rents for DMs as part of the STR management requirement, making housing even more affordable.
- This exact topic was discussed during the STR draft code process and was almost included in the original STR code but pulled because it was not compliant with state law ADU code. State law ADU code now allows for one LTR and one STR.
- Tier 1 requirements and cap exemptions for owners and DMs should remain unchanged.
- National studies clearly show that a manager on site for STRs reduces or limits nuisance issues to almost zero.
- We should incentivize and promote Tier 1s in Chelan County, as they clearly minimize the impact of STRs on neighborhoods.

Requiring Annual Life Safety Inspections Instead of Self Certifications CD

- Not a state law requirement. RCW 64.37
- It is fair to say that all STR operators desire a safe and injury-free experience in their homes. The safety of guests is a critical priority for STR operators.
- All permitted STR operators are aware of the safety and liability risks of short-term renting.
- By requiring annual inspections, it is essential to ask, "What problem does this solve?" I do not believe existing permitted operators have had severe or egregious safety issues previously impacting guests.
- Annual onsite inspections will increase cost through fees, at **\$175 per inspection**, and there is real potential for scheduling issues with the Fire Marshal's office.
- Consistency—I do not believe most businesses open to the public in unincorporated Chelan County currently receive annual Life Safety inspections. STRs are not "open to the public."

Requiring Proof of Paid Taxes at Renewal CD

- It is not a state law requirement to provide proof of taxes paid annually. RCW 64.37
- DOR is the governing body that regulates tax payments. Is Chelan County now regulating and enforcing tax payments?
- 95% of all permitted STRs utilize a booking platform such as Airbnb and VRBO. These platforms collect and remit all applicable taxes.

Parking Amendments BOCC

- I generally support aligning with residential parking code language.
- SPECIAL REQUEST—Community Development has interpreted the maximum occupancy count as allowing only two guests per vehicle. This interpretation may have a major negative impact on permitted STRs with limited parking areas. Please consider discussing clarifying language in the STR parking code amendment that allows for more than two guests per car.

STR Sign Amendments CD

- I generally support these sign amendments.
- SPECIAL REQUEST—Community Development requires a new photo of every renewal of an STR permit every year. Though not required by code to provide new proof every year, this is CD's interpretation. I'm not sure what purpose a picture of the same sign in the same location from a different angle each year can serve. Maybe some discussion could clarify.

Cap Discussion BOCC

- Increasing cap rates is a sizable discussion that should consider many factors and include all stakeholders.
- Since 2017, I have advocated for an effective and simple STR code. Hence, I support a single county-wide cap of 6% for various reasons.

Thank you for your consideration. I am always available for questions and discussions from PC members or the public.

Sean Lynn

sean@loveleavenworth.com

Jessica K. Thompson

From: Sean Lynn <sean@loveleavenworth.com>
Sent: Wednesday, September 11, 2024 4:22 PM
To: CD Comment
Subject: Additional Comment for 9/12/24 Planning Workshop

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

Dear Planning Commissioners,
A recent exchange with Community Development has me commenting on a proposed change that was not included in a previous letter.

I would like to comment on changes to 11.88.290(4)(I)(iii) "Transfer of Ownership"

Often STR permitted property owners would like to change from personal ownership into an LLC this can occur for both conforming and non conforming STRs. To be clear I am discussing Title change of the property from existing owners on the recorded title to another entity (LLC or other) with the same identical owners as members, officers or other.

The current code is not clear on this particular process but it is allowed (at least in my case on 9/10/24) by Community Development after some discussion. The new proposed code language appears to make this process not possible if the proposed language changes are accepted as is.






This option is important to STR owners as often they do not realize the liability protections of an LLC until after being permitted. The STR code regulations begin with "Short-term rental use is a commercial use" certainly an option for STR operators to protect their businesses should be allowed and clearly spelled out in code. Please consider revising code language in 11.88.290(4)(I)(iii) to allow STR owners to create and assign entities such as LLCs or other without jeopardizing their STR permits.

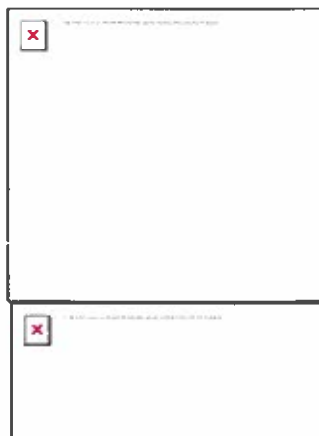
Note- I am strongly opposed to the notion that STRs are defined as a Commercial Use in Chelan County Zoning Code. This definition has been litigated across our nation with a variety of outcomes. This can be a topic for the next round of amendments 😊

Sincerely Sean Lynn

SEAN LYNN

Founder & CEO

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 <https://join.loveleavenworth.com>
 10193 County Shop Rd
Leavenworth, WA 98826



September 11, 2024

Chelan County Community Development
Attn: Planning Commission Comments
316 Washington St., Suite 301
Wenatchee, WA 98801

RE: ZTA 24-328 - Proposed amendments to the Short-Term Rental provision in the Chelan County Code, specifically Section 11.88.290

Dear Planning Commissioners,

I am submitting these comments relative to the ongoing effort by the Planning Commission to evaluate potential revisions to the short-term rental (STR) code in Chelan County Code (CCC) 11.88.290. Specifically, I would like to comment on two documents provided by Mr. Sean Lynn at the previous Planning Commission meeting/hearing on August 28, 2024, which are now incorporated into the Agenda Packet for the September 12, 2024, meeting.

The first document is titled "*Economic Impact of Short Term Rental Properties in Unincorporated Chelan County (September 2020)*" prepared by Michael Lewis and Associates (MLA). During his oral testimony at the August 28, 2024, Planning Commission meeting and hearing, Mr. Lynn used this study to describe how important STRs are to the overall economy. However, as previously provided to Chelan County in 2021 and provided as Attachment 1 to this letter, I have already provided an analysis critiquing the MLA study.

Briefly, the MLA study is flawed for two reasons:

- 1) It significantly overestimates the economic impacts of STRs as confirmed by actual data reported by the Washington State Department of Revenue.
- 2) It ignores the economic benefit that would otherwise be provided if the STR housing units were instead used for long-term residential use.

Regarding the second point, studies have shown that long-term residential use provides more economic benefit than short-term tourist accommodation use.¹ As Mr. Lynn acknowledged during his oral testimony on August 28th, STRs are only occupied 37 percent of the time; this low occupancy rate is part of the reason that STRs do not generate as much annual economic activity as long-term residences. Simply converting STRs to long-term residences would therefore increase annual economic activity in a given area.

Consistent with the predictions made in my 2021 critique of the MLA study, there is clear evidence based on Washington Department of Revenue data that the County's STR code has not actually

¹ Residents United for Neighbors (and more recently Residents Coalition of Chelan County) provided this information to Chelan County previously as part of a study titled "How Short-Term Rentals In Residential Areas Harm Communities" by Kirvil Skinnarland and Brian Patterson, dated May 2021.

affected overall economic activity in unincorporated Chelan County in any discernible way. An in-depth discussion of this will be part of a separate study to be submitted later.

The second document provided by Mr. Lynn that is in the agenda packet for the September 12, 2024, Planning Commission meeting that I would like to comment on is titled “*Setting the record straight on short-term rentals, housing affordability, and misguided government market interventions*”, by Tobias Peter dated November 2023. Mr. Peter is the co-director of the AEI Housing Center, a conservative, anti-government think tank.

In his oral testimony at the August 28th Planning Commission meeting, Mr. Lynn pointed to this document as evidence that STRs do not adversely affect housing affordability. However, this article provides zero evidence of this and, in fact, acknowledges that existing studies do show an adverse impact, citing one study concluding that STRs increase housing costs by three to five percent overall. It is filled only with conjecture and the illogical assertion that because housing prices go up when STR numbers are stable, then STRs must have no impact on housing prices. It is not a scientific study.

The current Chelan County STR code states “*Short-term rental use is a commercial use. Where excess rental units exist in residential communities, it has been shown to be detrimental to the affordable residential housing inventory and adversely affect the residential character of those neighborhoods.*” (CCC 11.88.290(1)(A)). This is absolutely a well-known, true statement supported by numerous studies.

From their website, the Municipal Research and Services Center (MRSC) “*is a nonprofit organization that helps local governments across Washington State better serve their communities by providing legal and policy guidance on any topic.*” They have a page dedicated to the topic of *Affordable Housing and the Impact of Short-Term Rentals*.² The discussion of the impact of STRs on housing affordability starts off with:

While not the primary cause of affordable housing problems, many experts believe that STRs do have a negative impact on affordable housing at the local level, especially in high-tourism communities. Several organizations, such as The Pew Charitable Trusts and the Harvard Business Review (HBR), have conducted or published research showing that as the number of short-term rentals increase in a community, the quantity of affordable housing units decrease.

It goes on to cite one study that concludes:

(I)n aggregate, the growth in home-sharing through Airbnb contributes to about one-fifth [or 20%] of the average annual increase in U.S. rents and about one-seventh [or 14%] of the average annual increase in U.S. housing prices.

The webpage provides links to pertinent studies and I recommend anyone interested in this issue to review this site. Another recent study found that in areas with high levels of STR activity (which

² <https://mrsc.org/stay-informed/mrsc-insight/december-2021/affordable-housing-and-the-impact-of-short-term-re>.

would certainly describe areas like Leavenworth and Chelan), STRs increased rents by seven percent and home sales prices by 17 percent.³

Clearly, these actual studies refute Mr. Lynn's assertion that STRs do not adversely affect housing costs.

In case anyone thinks that these increases are trivial, only a five percent increase in even a very modest rental or mortgage rate of \$2,000 per month represents an additional \$1,200 per year for that household. Multiply this by hundreds or even thousands of households (many with even higher rents or mortgages) in a given area and it quickly adds up to hundreds of thousands or even millions of dollars paid by that community every year simply due to the presence of STRs.

So, while housing costs will likely continue to increase with or without STRs, reductions in STR activity in a community will clearly reduce the pace of increasing housing costs based on the results of many studies and potentially save individual households thousands of dollars a year.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink that reads "Brian Patterson". The signature is written in a cursive style with a large, looped initial "B".

Brian Patterson, Ph.D.
150 Kestrel Lane
Manson, WA 98831

³ <https://www.sciencedirect.com/science/article/pii/S0094119020300498>.

Attachment 1

Assessment Report

Assessing the Credibility of the Report Titled “*Economic Impact of Short Term Rental Properties in Unincorporated Chelan County*” by Michael Luis & Associates, Dated September 2020

Overview and Summary of Conclusions

Michael Luis & Associates of Medina, Washington, prepared a report titled “*Economic Impact of Short Term Rental Properties in Unincorporated Chelan County*” dated September 2020 (hereafter, the MLA Report).¹ In the MLA Report, the author provides quantitative estimates of the economic contribution of short-term rentals (STRs)² to the economy of unincorporated Chelan County, Washington. The MLA Report is often cited by the Short Term Rental Association of Chelan County (STRACC) as justification for Chelan County limiting regulation of STRs, despite the well-known negative economic and societal impacts to residential communities resulting from the loss of full-time residents in neighborhoods.

However, by comparing the economic estimates in the MLA Report to sales data provided by the Washington State Department of Revenue (WSDOR) for similar areas and time periods, it’s possible to determine if the estimates in the MLA Report are even plausible. By making these comparisons, the following conclusions can be drawn:

- The estimated retail spending by STR patrons provided in the MLA Report appears to be at least twice what is plausible based on WSDOR actual sales data.
- The estimated rental revenue collected by STR owners (purportedly resulting in state sales tax revenue) appears to be at least three times what is plausible based on WSDOR actual sales data.
- One potential explanation for the discrepancy between the STR rental revenue estimated in the MLA Report and the WSDOR data is that the majority of STR rental revenue is not being reported to the WSDOR in violation of state tax law. Since proper payment of taxes is a requirement for “existing” STR units in draft versions of proposed Chelan County STR codes, this may preclude many current STRs from being allowed to operate in the future.

These conclusions imply that the MLA report grossly overstates the economic impact to Chelan County’s economy and is not a credible source of information. Additionally, the MLA Report fails to quantify the negative economic impacts incurred by the loss of full-time residents in these housing units, which are expected to exceed any positive impacts.³ It further completely avoids the negative social impacts of STRs on communities, which cannot be offset by pure economics; residential communities do not exist for the purpose of allowing a subset of homeowners to profit at the expense of the remaining homeowners.

¹ <https://drive.google.com/file/d/1iuSGm2Z9Vzbhb58OE-3FeD6EQXk1Rn8R>.

² STRs are generally defined as single-family housing used to provide transient tourist accommodations.

³ See for example: *Amending the Regulation of Short-Term Residential Rentals: Economic Impact Report, City and County of San Francisco*, May 18, 2015 (p. 8). Available at http://sfcontroller.org/sites/default/files/FileCenter/Documents/6458-150295_economic_impact_final.pdf?documentid=6457

Assessments Carried Out

The assessment of the credibility of the MLA Report was based on two specific comparisons of data between the MLA Report and data provided by the WSDOR. The data evaluated are core to the arguments made about the economic contributions of STRs in Chelan County in the MLA Report.

The first comparison was to evaluate the plausibility of the **retail spending** data in the MLA report. This comparison evaluated the estimated spending by STR patrons in the MLA Report relative to the actual total retail sales for all persons (i.e., spending by STR patrons, all other tourists and guest, and all residents) in the same area provided by WSDOR over similar time periods. In such a comparison, one would expect that the estimated spending by STR patrons alone would be much less than the actual spending by STR patrons, other tourists and guests, and all residents combined. If this were not the case, this would lead to the conclusion that the estimated spending by STR patrons in the MLA Report is biased high.

The second comparison was to evaluate the plausibility of the **rental revenue** generated by STRs provided in the MLA Report. This comparison evaluated the total rental revenue estimated for STRs in the MLA Report relative to the actual total sales of short-term “accommodations” for all persons (i.e., lodging sales for STRs, hotels, motels, bed & breakfasts, etc.) in the same area provided by WSDOR over similar time periods. In such a comparison, one would expect the estimated rental revenue generated by STR patrons alone would be much less than the actual sales associated with STRs, hotels, motels, and bed & breakfasts combined. If this were not the case, this would lead to the conclusion that the estimated rental revenue generated by STRs in the MLA Report are biased high and/or that a significant fraction of STRs is illegally failing to report revenue collected to the WSDOR.

The WSDOR does not provide data for spending by STR guests or for STR rental revenue specifically, but rather for categories that would contain the STR-related spending and rentals. But these data are still useful for determining the plausibility of estimated spending and rental revenue in the MLA Report. The WSDOR sales data in these broader categories put an upper bound on potential spending and rental revenue associated with STRs. For example, estimated spending by STR patrons in a given area during a certain period at food and beverage establishments cannot be greater than the actual sales to all customers at food and beverage establishments in the same area during the same period, and in fact should be much less. If the value estimated for STR guests only is not much lower than the value for all customers, the estimate for STR guests would clearly not be plausible. These are the types of comparisons made in this assessment.

Comparison 1 – Retail Spending

The MLA Report provides estimates for average daily spending by STR patrons for Food & Beverage, Entertainment & Recreation, and non-specific Retail for the period from September 1, 2019 through August 31, 2020. These values are some of the primary economic indicators used in attempting to demonstrate how important STRs are to the economy in Chelan County according to the MLA Report.

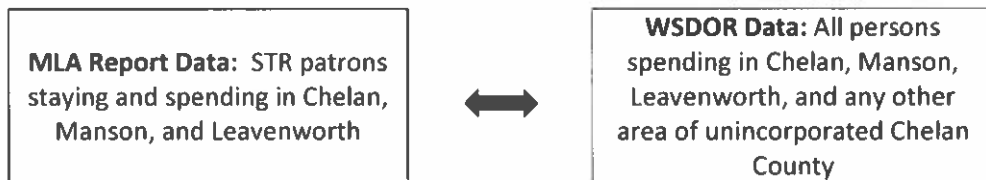
The estimated amounts for these first two categories are reproduced in Table 1 (attached) and can be compared to data from the WSDOR for a similar 12-month period. The WSDOR data are available for the period October 1, 2019 through September 31, 2020, a 12-month period shifted by one month from the 12-month period examined in the MLA Report. The third category of spending (non-specific Retail)

is difficult to directly compare to publicly-available WSDOR data and was not relied upon for this assessment.

Table 2 (attached) provides the estimated annual nights spent in STRs in unincorporated Chelan County according to the MLA Report, and Table 3 (attached) provides the product of the daily expenditures by STR guests times the number of nights spent in STRs to get total annual spending by STR guests according to the data in the MLA Report.

For purposes of examining the plausibility of the retail spending by STR patrons estimated in the MLA Report, it is reasonable to assume that STR guests in the Chelan or Manson areas will spend most of their money with Chelan and Manson businesses and STR guests in Leavenworth will spend most of their money with Leavenworth businesses (when these areas are considered without regard to whether or not they are in unincorporated portions of Chelan County).

In order to keep the assessment as clean as possible, the comparison made in this document to assess the plausibility of the estimates in the MLA Report is to compare the total retail spending by STR patrons staying in Chelan, Manson, and Leavenworth within those communities, including both incorporated and unincorporated areas; specifically:



The Chelan, Manson, and Leavenworth areas account for the vast majority of STR patron spending estimated in the MLA Report as shown in Table 3. By including all of unincorporated Chelan County sales data in the WSDOR data set (necessary in order to include Manson, which is not broken out separately), this will bias the WSDOR data on the high side, thus making it more likely that the MLA Report estimated spending data from STR patrons would be much less than the actual spending data from the WSDOR (i.e., more likely that the estimates in the MLA Report will appear to be plausible). People taking day trips into these areas would also make it more likely that the MLA Report spending data from STR patrons would be much less than the actual spending data from the WSDOR (i.e., more likely that the estimates in the MLA Report will appear to be plausible).

Table 4 (attached) provides the estimated total annual spending by STR patrons in Table 3, with the data for all areas other than Chelan, Manson, and Leavenworth removed.

Table 5 (attached) provides total retail sales for the Food & Beverage and Entertainment & Recreation categories from the WSDOR (the Accommodations data will be discussed later) for unincorporated Chelan County. Tables 6 and 7 (attached) provide the same data for the incorporated cities of Chelan and Leavenworth. These data combined allow for the comparison described in the graphic above.

Again, the WSDOR values are from all types of customers, i.e., STR patrons, all other tourists and guests, and all residents. As a result, the estimated spending by STR patrons as provided in the MLA Study should be much lower than the actual spending for all persons for these two spending categories provided by the WSDOR data. The table below shows how they compare:

Data Source and Scope	Spending on Food & Beverage	Spending on Ent. & Recreation
MLA Report - For STR patrons only	\$55,086,478	\$23,789,926
WSDOR Data - All persons	\$65,866,048	\$15,842,083

In this comparison, the estimated spending on Food & Beverage in the MLA Report is only slightly less than the actual sales to STR patrons, all other tourists and guests, and all residents provided by WSDOR. This comparison indicates that the estimated spending by STR patrons provided in the MLA Report for this category is not plausible. The estimated spending on Entertainment & Recreation in the MLA Report is significantly higher than the actual sales to STR patrons, all other tourists and guests, and all residents provided by WSDOR. This comparison indicates that the estimated spending by STR patrons provided in the MLA Report for this category is also not plausible.

This comparison can be further refined. In 2019, the average Washingtonian spent \$2,335 per year on Food & Beverage (NAICS code 722) and \$543 per year on Entertainment and Recreation (NAICS code 71).⁴ With a total population of approximately 14,000 residents in the Chelan, Manson, and Leavenworth areas, this implies that residents in these three areas spent approximately \$32.7 million on Food & Beverage and \$7.6 million on Entertainment & Recreation. Although some of this spending might occur outside of these areas, it is reasonable to assume that at least half of such spending would occur locally (\$16.4 million and \$3.8 million, respectively). These values can be subtracted from the WSDOR data for “all persons”, leaving rough estimates for all STR, hotel, motel, bed & breakfast guests, plus day trip tourists, or “transient guests”, as follows:

Data Source and Scope	Spending on Food & Beverage	Spending on Ent. & Recreation
MLA Report - For STR patrons only	\$55,086,478	\$23,789,926
WSDOR Data - All transient guests	\$49,466,048	\$12,042,083

At this point it is abundantly clear that the retail spending values from the MLA Report are completely detached from reality. Even though they only represent a subset of the values based on the WSDOR data in the table above, they exceed those values. In 2010, well before the growth in STRs exploded, Chelan, Manson, and Leavenworth had nearly 3,700 tourist accommodation units⁵ (compared to less than 1,900 STRs in these areas currently⁶), suggesting that spending by non-STR tourists would likely exceed spending by STR tourists. Taken together, it is likely that the retail spending values from the MLA Report evaluated here should be reduced by a factor of two or more.

⁴⁴ Taken from an assumed statewide population of approximately 7.7 million and data obtained at: <https://apps.dor.wa.gov/ResearchStats/Content/GrossBusinessIncome/Report.aspx>.

⁵ https://www.co.chelan.wa.us/files/natural-resources/documents/Planning/Natural_Resources/SMP/Documents/Public%20Access%20Plans/County/AppB.pdf.

⁶ Data from BERK Consulting.

Comparison 2 – Rental Revenue

The MLA Report provides estimates for total annual revenue generated by STRs for the period from September 1, 2019 through August 31, 2020. These values are additional economic indicators used in attempting to demonstrate how important STRs are to the economy in Chelan County according to the MLA Report. A major subset of these data is specifically for unincorporated Chelan County, and this data set makes for the most direct comparison to the available WSDOR data.

Table 8 (attached) provides the estimated annual revenue received for all STRs located in the unincorporated portions of Chelan County as provided in the MLA Report. Rent from STRs located within the city limits of incorporated cities are not included.

Table 5 (attached) provides the WSDOR data for actual annual sales for all short-term accommodations (STRs, hotels, motels, and bed & breakfasts) in unincorporated Chelan County for the comparable period.

This allows for the following comparison of rents received from short-term accommodations located in the unincorporated portions of Chelan County:

Data Source and Scope	Spending on Short-Term Accommodations
MLA Report - For STR patrons only	\$58,478,125
WSDOR Data - All persons	\$20,332,856

In this case the estimated rental revenue for STRs only in the MLA Report exceeds the actual sales for all STRs, hotels, motels, and bed & breakfasts from WSDOR data by nearly a factor of three, implying that the estimated rents generated from STRs appear to be overestimated in the MLA Report by more than a factor of three. In this case, there are two possible explanations (or some combination of the two):

- 1) The estimate of STR rental revenue received provided in the MLA Report is grossly elevated, and/or
- 2) A large portion of the STR rental revenue generated is not being reported to the WSDOR in violation of Washington State law.

The MLA Report indicates that the data for STR rental revenue generated comes from AirDNA, which should be a fairly reliable source of information. This makes it very likely that a significant portion of the discrepancy in this comparison is due to the fact that a large percentage of the STR rental revenue generated is not being reported to the WSDOR in violation of Washington State law. This doesn't preclude the possibility that the estimated STR rental revenue provided in the MLA Report isn't also somewhat inflated.

Discussion

The MLA Report attempts to quantify the economic impacts to the local economy from STRs located in Chelan County. It provides estimates of local spending by STR guests (Figure 2 in the MLA Report) and the rental revenue received by STR owners (Figure 1 in the MLA Report). STR patron spending benefits local business owners and sales tax collections, and STR rents collected provides some local revenue

(although the report notes that 90 percent of STR owners live outside the county) and sales tax collections. The vast majority of the positive economic impacts from STRs touted in the MLA report derives from the estimates of guest spending and rental revenue generated.

Of course, these purported positive economic gains in reality are offset by economic losses from the displacement of full-time residents, increases in cost of housing, loss of social capital, and negative impacts to communities, traffic, and public resources for full-time residents, which are ignored in the MLA Report. But this is a separate discussion.

The comparisons provided above in this assessment look at the plausibility of the estimated spending of STR patrons and estimated STR rental revenue generated in Chelan County as provided in the MLA Report in order to assess the credibility of the conclusions provided therein.

As detailed above, the comparisons made in this assessment demonstrate that the estimates of STR patron spending in the MLA Report are not plausible and are likely inflated by a factor of two or more. Therefore, all of the associated economic benefits to local businesses and sales tax collected are also likely inflated by a factor of two or more.

The comparisons made in this assessment also demonstrate that the estimates of STR rental revenue in the MLA Report are 1) significantly inflated, and/or 2) prove that STR owners are significantly underreporting rents received, in violation of Washington State law. In either case, the purported economic benefit derived from the sales tax collected from STR rents provided in the MLA Report is overstated by at least a factor of three.

Taken together, these comparisons demonstrate that the MLA Report is not credible and significantly overstates the economic benefits from STRs in Chelan County.

Table 1
Chelan County
Spending Per Party Per Day*

Area	Food & Beverage	Entertainment & Recreation
Cashmere	\$87	\$37
Chelan	\$319	\$137
Entiat	\$119	\$51
Leavenworth	\$224	\$97
Malaga	\$115	\$49
Manson	\$317	\$137
Peshastin	\$193	\$83
Wenatchee	\$139	\$60

*Taken from *Economic Impact of Short Term Rental Properties in Unincorporated Chelan County*, Michael Luis & Associates, September, 2020; Figure 2.

Table 2
Chelan County (Incorp. And Unincorp.)
Annual Number of STR Visitor Nights*

Area	Annual Occupied STR Nights
Cashmere	4,938
Chelan	50,776
Entiat	560
Leavenworth	138,880
Malaga	569
Manson	24,542
Peshastin	6,584
Wenatchee	13,337

*Taken from *Economic Impact of Short Term Rental Properties in Unincorporated Chelan County*, Michael Luis & Associates, September, 2020; Figure 1.

Table 3
Chelan County (Incorp. & Unincorp.)
Total Annual STR Visitor Spending by Category*

Area	Food & Beverage	Entertainment & Recreation
Cashmere	\$429,606	\$182,706
Chelan	\$16,197,544	\$6,956,312
Entiat	\$66,640	\$28,560
Leavenworth	\$31,109,120	\$13,471,360
Malaga	\$65,435	\$27,881
Manson	\$7,779,814	\$3,362,254
Peshastin	\$1,270,712	\$546,472
Wenatchee	\$1,853,843	\$800,220
Total	\$58,772,714	\$25,375,765

* Based on data in Tables 1 and 2; multiply daily spending times number of visitor nights.

Table 4
Chelan, Manson, and Leavenworth Areas (Incorp. & Unincorp.)
Total Annual STR Visitor Spending by Category*

Area	Food & Beverage	Entertainment & Recreation
Cashmere	-	-
Chelan	\$16,197,544	\$6,956,312
Entiat	-	-
Leavenworth	\$31,109,120	\$13,471,360
Malaga	-	-
Manson	\$7,779,814	\$3,362,254
Peshastin	-	-
Wenatchee	-	-
Total	\$55,086,478	\$23,789,926

* Based on data in Table 3.

**Table 5
Unincorporated Chelan County
Quarterly and Total Taxable Retail Sales***

Calendar Quarter	Food & Beverage	Entertainment & Recreation	Accommodations
2019 Q4	\$3,025,927	\$2,785,259	\$5,230,379
2020 Q1	\$2,119,201	\$4,444,154	\$3,281,553
2020 Q2	\$2,066,868	\$1,287,272	\$2,177,514
2020 Q3	\$4,614,678	\$3,133,926	\$9,643,410
Total	\$11,826,674	\$11,650,611	\$20,332,856

* From the Washington State Department of Revenue,
<https://apps.dor.wa.gov/ResearchStats/Content/QuarterlyBusinessReview/Report.aspx>

**Table 6
City of Chelan
Quarterly and Total Taxable Retail Sales***

Calendar Quarter	Food & Beverage	Entertainment & Recreation
2019 Q4	\$3,037,048	\$318,007
2020 Q1	\$2,438,826	\$284,729
2020 Q2	\$3,259,227	\$417,398
2020 Q3	\$6,964,384	\$1,651,866
Total	\$15,699,485	\$2,672,000

* From the Washington State Department of Revenue,
<https://apps.dor.wa.gov/ResearchStats/Content/QuarterlyBusinessReview/Report.aspx>

Table 7
City of Leavenworth
Quarterly and Total Taxable Retail Sales*

Calendar Quarter	Food & Beverage	Entertainment & Recreation
2019 Q4	\$15,187,613	\$366,067
2020 Q1	\$7,535,798	\$144,389
2020 Q2	\$3,625,576	\$305,605
2020 Q3	\$11,990,902	\$703,411
Total	\$38,339,889	\$1,519,472

* From the Washington State Department of Revenue,
<https://apps.dor.wa.gov/ResearchStats/Content/QuarterlyBusinessReview/Report.aspx>

Table 8
Unincorporated Chelan County
Annual STR Rent Received*

Area	Total Revenue
Cashmere	\$586,626
Chelan	\$4,180,247
Entiat	\$84,178
Leavenworth	\$38,484,226
Malaga	\$100,535
Manson	\$11,970,090
Peshastin	\$1,951,380
Wenatchee	\$1,120,843
Total	\$58,478,125

*Taken from *Economic Impact of Short Term Rental Properties in Unincorporated Chelan County*, Michael Luis & Associates, September, 2020; Figure 1.

September 11, 2024

Aubrey Davis
Property Owner at Lake Wenatchee
aubreydesign@gmail.com

Comments for the Chelan County Planning Commission Meeting Sept 12, 2024

Dear Commissioners,

I have recently reviewed the Meeting Agenda for September 12 and the letters attached. I believe there are some important considerations unrepresented in the letters submitted thus far.

If there is a housing crisis, why has my cabin been on the market for five months?

My family dreamed of owning a cabin at Lake Wenatchee for many years. When we finally earned the opportunity to buy a shabby little log cabin in 2022, we used our skills as an architect and interior designer to pour 9 months and many thousands of dollars into honoring the cabin, its history, and its surroundings.

We were thrilled to enjoy the cabin and also craft a vacation experience that would wow visitors. We prepared the cabin for the top-notch management that we intended to provide. We installed remote-controlled systems that allow us to monitor from afar, we built responsible systems for weather and wildlife, we used QR code signage to give guests video instructions. We also lived in the cabin for a whole winter. We built relationships with local business owners to provide services like hot tub maintenance, cleaning, pest control, snow removal, and garbage removal. In addition, we furnished the cabin with as many local items as possible.

If allowed to, we would have been one of Leavenworth's top rental properties. We would have been featured in magazines. We would have created raving fans whose social media posts would have drawn travelers nationwide.

If allowed, our project, on which we spent our life savings, could have acted as a source of income and free marketing for the Leavenworth/Lake Wenatchee economy, a valuable resource for which the residents of Chelan County paid \$0.

Because we cannot get an STR permit, we are now forced to sell our dream cabin, but ironically, every family who comes to look at the property has passed on it because they would need an STR permit to afford the mortgage. We have now reduced the price of the cabin to the level at which we purchased it, and we face losing a staggering amount of money IF we can find a buyer.

We poured our love into this cabin to provide tourists with an excellent experience and an opportunity to see what we love about Chelan County. Yes, it was something we hoped to turn a profit on, but not because we are real estate moguls. We hoped to make some income from the service we built because we hoped I could work from home and raise our son. In contrast, because we can't rent our cabin, we are currently losing \$10,000 a month and draining the equity from our primary home.

We are trapped by STR regulations. We can't rent, we can't sell, and we haven't had a restful night's sleep in a year as we face potentially losing our primary home and pulling our 4-year-old from the home, school, and community that we have worked all our lives to achieve. We are terrified that STR regulations could cause us to lose everything.

So, forgive me if I don't have sympathy for those who heard some loud music once during the summer of 2020, and forgive me if I don't believe the feigned concern of people who pretend to care about a housing crisis but don't care that STR regulations are causing working families to lose income, lose jobs, and even lose their homes.

I care a lot about affordable housing for working families. Housing is what I have spent my career doing, but I know that not every neighborhood in Chelan County is a realistic location for a working family. The average real estate listing around Lake Wenatchee has been sitting on the market for months, and the price has been reduced multiple times. This tells me that working families are not clamoring to buy houses in this area.

When making decisions about STR caps, please factor in statistics showing which neighborhoods have predominantly full-time residents and which have a large percentage of vacation homes.

Not allowing STRs will exclude working families and result in more wealthy absentee owners.

The economy that young families live in today differs significantly from that of the 1950s or 1980s. Not allowing STRs will mean that average working families can no longer buy cabins at Lake Wenatchee. Over time, the small, humble cabins will be torn down and replaced with large, expensive homes that sit empty most of the year.

Homes that are sitting empty are not good for security, the economy, or people who wish to visit or live in a vibrant community.

STR caps remove the motivation for an owner to provide excellent management or to maintain their property.

Currently, there is no opportunity for any new STR to enter the market in Leavenworth or Lake Wenatchee. This situation has eliminated the competition that typically keeps a market healthy and thriving. The STR owners who have a permit don't need to worry about any ambitious new owners who aim to provide top-notch management or spend money on a meticulously maintained home... because these owners are locked out of the opportunity to compete!

If these caps are allowed to continue, the STRs in Leavenworth and Lake Wenatchee will become increasingly shabby and poorly managed, and tourists will opt to rent in Suncadia or Seabrook, where owners are incentivized to spend on renovation, maintenance, and excellent management (which all employ local people by the way).

If allowed, a free market will naturally limit the amount of STRs by weeding out the less desirable properties. Less successful STRs will become monthly rentals, and more successful STRs (which are expensive to maintain) will bring more money to working families, and working families will fund the construction of more new homes. If allowed to continue, government control will become a cancer on the free market and will make the economy unhealthy.

I advocate for regulations based on laws, data, history, and equal representation rather than emotional gossip from a few.

Many statements from people wishing to regulate STRs mention noise, traffic, or parking issues. In response to these concerns, the county has provided a hotline, an expensive 3rd party monitoring

service, and increased staff. However, it is also my understanding that the hotline has not received a significant number of complaints over the last year.

I suggest the county make decisions about STR caps based on data from the service it is paying for. I fear that the emotional hearsay in these emails may carry more weight than it should.

Recent reports show that Chelan County tourism income has taken a hit for the first time in many years and that (non-agricultural) unemployment in Chelan County is up even though unemployment in WA State is down.

Please remember that working families, small business owners, and lower-income individuals often don't have the time to write letters or form committees. However, these citizens are most impacted when STR regulations hurt Chelan County's income or unemployment.

Personally, we have employed a Wenatchee couple with a small child to clean and maintain our property. This family is exceptionally hardworking and has toiled for years to build a business that allows them to balance child care while paying their bills. However, in the last year, they have seen a dramatic reduction in their business. **When I spoke to them about the STR regulations, they were unaware that regulations existed!** Many hardworking families do not have time to pay close attention to the activities of their local government.

I encourage the county to seek input from people who work in grocery stores, restaurants, recreational services, wineries, coffee shops, farm tours, retail shops, real estate, pest control, snow removal, house cleaning, hot tub maintenance, roof repairs, and landscaping. I am confident that these individuals will have a different perspective than the mostly retired people who have time to write letters to the county and are much less affected by the economy.

A small group of people should not get to use our county government to turn our vibrant vacation town into a retirement home.

Lastly, when we purchased a cabin at Lake Wenatchee, we hoped to find a vibrant community of young families. We chose property in a small lot zone because we prefer to see and speak to our neighbors. We looked forward to living alongside other families with wet dogs and rowdy kids who like socializing, playing outside, and celebrating life. Instead, we found a group of angry retired people looking for someone to pick a fight with.

Unfortunately, I cannot force the county to regulate my neighbors into living by my preferences, and they also should not be able to use the county government to force my family or the people who vacation in Leavenworth to live by their preferences.

Thank you for your consideration,

Aubrey Davis
aubreydesign@gmail.com

Jessica K. Thompson

From: Ulla Olsson <ullaolsson@comcast.net>
Sent: Thursday, September 12, 2024 8:47 AM
To: CD Comment
Subject: Short Term (STR)Rental Code

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

To Chelan County Planning Commision,

We oppose all proposed changes to the current short term rental code. Any changes to the code would negatively affect our neighborhood.

Respectfully submitted,
Ulla & Harold Olsson
15310 Cedar Brae Rd.
Lake Wenatchee (Leavenworth)

Sent from my iPad

Jessica K. Thompson

From: Jack Mynatt <jmynatt@nwi.net>
Sent: Thursday, September 12, 2024 9:24 AM
To: CD Comment
Cc: Barbee Teasley; Chris Clark
Subject: Proposed Changes in STR Code

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

Dear Commissioners:

I am writing to express my concerns about the proposed changes in the STR Code.

First, the current code has only been force for a short time. Let's see how it really works before changing it.

Second, the proposed changes put us back into the previous "anything goes for STR owners" situation we were in for years. That wasn't working for anyone other than the owners, many of whom do not even live in the communities where their STRs are located. I have never understood why someone who essentially wants to run a hotel, i.e., a Tier 2 or 3 rental, doesn't have to meet all the same zoning and business requirements as, for example, the owners of the Red Lion in Wenatchee. Nor do I understand why the number of all types of STRs should not be capped. All of them negatively impact the quality of life in our communities. That's why they've been banned in some places. e.g, inside the city limits of Leavenworth. If we're going to have them at all, they need to be heavily regulated.

I strongly oppose the proposed changes.

Clifford R. Mynatt
8785 Icicle Rd.
Leavenworth WA 98826