

**White Salmon Planning Commission Meeting
A G E N D A**

September 22, 2021 – 5:30 PM

Via Zoom Teleconference

(No in person session)

Meeting ID: 845 7832 3769 Passcode: 673190

Call in Numbers:

346-248-7799

669-900-6833

253-215-8782

312-626-6799

929-205-6099

301-715-8592



We ask that the audience call in instead of videoing in or turn off your camera, so video does not show during the meeting to prevent disruption. Thank you.

Call to Order/Roll Call

Approval of Minutes

- [1.](#) Meeting Minutes - August 25, 2021

Discussion Items

- [2.](#) Workshop - Short-term Rentals

Adjournment

File Attachments for Item:

1. Meeting Minutes - August 25, 2021



CITY OF WHITE SALMON
Planning Commission Meeting - Wednesday, August 25, 2021

COMMISSION AND ADMINISTRATIVE PERSONNEL PRESENT

Commission Members:

Greg Hohensee, Chairman
Ross Henry
Michael Morneault
Seth Gilchrist
Tom Stevenson

Staff:

Brendan Conboy, City Land-Use Planner
Erika Castro Guzman, City Associate Planner
Jan Brending, City Clerk-Treasurer

CALL TO ORDER/ ROLL CALL

Chairman Greg Hohensee called the meeting to order at 5:35 p.m. Four audience members attended by teleconference. A quorum of planning commissioner members was present.

APPROVAL OF MINUTES

1. **Approval of Meeting Minutes – March 24, 2021**
2. **Approval of Meeting Minutes – March 31, 2021**
3. **Approval of Meeting Minutes – April 28, 2021**
4. **Approval of Meeting Minutes – May 12, 2021**
5. **Approval of Meeting Minutes – June 23, 2021**

Moved by Tom Stevenson. Seconded by Seth Gilchrist.

Motion to approve minutes of March 24th to June 13th, five meeting minutes as corrected.

CARRIED 4–0. 1 Abstained.

Hohensee – Aye, Henry – Aye, Gilchrist – Aye, Stevenson – Aye, Morneault – Abstained.

DISCUSSION ITEMS

6. COMPREHENSIVE PLAN UPDATE – LAND USE DESIGNATION MAP CHANGES

a. Presentation – Short-term Rentals

Land-use Planner Brendan Conboy presented the purpose and policy of the Moratorium on New Short-term Rentals (STR) and its existing conditions in the city's housing stock. Land-use Planner Conboy additionally provided STR regulatory tools and alternatives on approaching STRs.

The proposed STR Regularoty Tools included:

1. Tracking Software
2. Zoning Amendments
 - Location
 - Duration
 - Quantity
 - Occupancy
3. Restrict ADUs from STR use
4. Modify or repeal Ordinance 2019-12-1052 Adopting WSMC 5.02 Short-Term Rentals
5. Additional text amendments on dual-use
6. Requirements for on-site signage and 24/7 contact

7. Incentives for landlords to convert their STR into long-term housing.
8. Increased permit fees
9. 'Additional' 2% lodging tax for affordable housing

Alternative Zoning 1:

An overlay of the commercial downtown core within which STR is an allowed use by permit without owner-occupancy. Outside of the overlay, STR is not allowed.

Alternative Zoning 2:

An overlay of the commercial downtown core and walkable downtown residential core within which STR is an allowed use by permit with requirements for owner-occupancy in the residential areas of the overlay. Outside of the overlay, STR is not allowed.

Alternative Zoning 3:

Modify Ordinance 2019-12-1052 adopting WSMC 5.02 Short-Term Rentals. Allow STR throughout the entirety of the city by permit with requirements for owner-occupancy by location. This is the current status quo, with owner-occupancy requirements added for any new STR.

Alternative Zoning 4:

Repeal Ordinance 2019-12-1052 adopting WSMC 5.02 Short-Term Rentals. Do not regulate STR beyond current measures, but make zoning amendments to make explicit that it is a commercial use not allowed in residential zones for enforcement purposes. Existing permitted uses will be able to continue their STR use.

b. **Workshop – Short-term Rentals**

Commissioner Stevenson clarified that the increase in short-term rental complaints was globally recorded, not locally. Staff stated that the city had received more informant-type concerns vs. complaints/calling the authorities. Commissioner Stevenson believes that those who do not have an STR will raise their monthly rental rate based on what they could be earning with a short-term rental. He believes that property owners calculate how much money a property can make as short-term rental vs. long-term rental and stated that when STR quantities are high, monthly rent goes up because of demand.

Commissioner Henry requested clarification on the data, asking if it included the urban exempt area. Land-use Planner Conboy stated that the data was based on a census, and it is hard to get data for a small town. He noted that the data managed by the tracking software would only include the city limits, not urban exempt as the city cannot control the urban exempt area (currently under Klickitat County's Jurisdiction). Commissioner Henry stated that the city should acknowledge that if we regulate STRs, we may inadvertently push them into the urban exempt area, where they may cause more of an issue. Land-use Planner Conboy said that the tracking software distinguishes short-term rental space and enforces compliance; it is estimated that the city may have roughly 90% compliance with whatever regulation the city implements with some level of tracking software.

Regarding Exhibit 3.11: Klickitat County 20-year Employment Forecast, it is unclear if 'other' includes independent contractors.

Commissioner Morneault stated that the tracking software's annual cost might vary with added amenities and that it is essential to recover the cost with the licensing fee. Staff clarified that STR registration is under a business licensing tracking method, not a permitting process. Staff estimates the annual licensing fee to be an average of a two-night stay. It was further defined that the fees will be handled through staff, but that staff does not have time to track STRs.

Commissioner Gilchrist would like to clarify what owner-occupied means and if that would restrict the whole home from being short-term rented. Staff believes the tracking software would not track if the owner is gone for a short time vs. absent. Commissioner Gilchrist stated that he thinks fines may also recoup the cost of the software. He emphasizes that the city has a limited housing supply with low supply and high demand; he believes that analyzing the market would impact how strict he is willing to regulate STRs.

Chairman Hohensee noted that the company that gave us data is the same company trying to get us to purchase their STR tracking software that states that STRs have a negative impact on the community. He said that the planning commission and city council are tasked to see the negative and the positive effects, and a decision may not be clear until an analog of STRs is conducted. He favors ADUs for infill as it potentially helps owner-occupied families in the community but acknowledges that it would be harmful if all ADUs became STRs. Chairman Hohensee stated he would like to encourage long-term rent to qualified renters as there is concern that the city may push out STRs to the urban exempt area. Chairman Hohensee asked if STRs would be best regulated by location. Land-use Planner Conboy stated that the best way to define an area for STRs would be with an overlay that applies to any underlining zoning.

c. **Discussion**

Commissioner Henry states that Washington State does not have an income tax; he said that in his experience, he would be concerned if the city did not change the expression owner-occupied to on-site owner. He acknowledges that if a percentile of the housing stock would determine the number of STRs, it would constantly require adjusting based on new construction or annexation. Commissioner Henry suggested that there be no regulation above a specific property value, e.i. Bluff homes that will never be affordable.

Commissioner Morneault believes that STR licensing should not be transferable.

Commissioner Gilchrist states he would like the city to be careful not to create jealousy with STR applications; he believes it is important for the residence to use STRs at the same level regardless of economic status. He adds that location would also cause a barrier as first they would have to afford property near downtown. He stated that he doesn't like the smaller overlay centralized around downtown, especially when someone requires a temporary home.

Commissioner Stevenson stated that he believes that STRs harm affordable housing. He said that he would not consider a ban on STRs and that he likes the idea of owner-occupied STRs. He also believes that they would fit well in the commercial zone and should be heavily taxed. He stated that ADUs should be used for infill and long-term rent.

Commissioner Henry stated that he believes it is a separate discussion when someone rents a room(s) in their home vs. their whole house, and he believes that short-term renting the entire house is what is disrupting the housing market. He states that the city must define 'owner-occupied' clearly. Commissioner Henry believes that ADUs directly compete with local hotels when used as STRs. He would like to create a goal that assures the local population grows economically, not outsiders.

Chairman Hohensee stated that White Salmon is lucky to have the economy it has; although employment may change, the scenic area will always attract tourism and be part of the city's success. He believes STRs should be allowed, but in a manner that maintains a small town, village feel. Chairman Hohensee states that he favors Alternative 3 and wants zoning updated to reflect STRs more specific within each new zone. He thinks that the commercial zone should not require owner-occupancy. He believes there is a way to limit the number of STRs within each zone and still protect the supply and demand that increases rents.

Commissioner Stevenson suggested approaching STRs through a lottery system. Chairman Hohensee thinks that a lottery system would be a moot point; he believes that there may not be as many applicants as there would be slots.

No commissioner was in favor of a total STR ban for the City of White Salmon. Land-use Planner Conboy stated that the city intends to reduce STRs and establish new regulations for existing STRs. Further discussion entailed STR restrictions. Commissioner Henry was in favor of an overlay restriction. Commissioner Morneault agrees there should be a limitation. Commissioner Gilchrist does not support zoning restrictions as he would like to ensure multi-use because he believes that R3 can be where the city's affordable housing (such as apartments) can be. Commissioner Stevenson encourages different methods of regulating in different areas as he thinks it is primarily a commercial use and should be approached differently from a residential use. Chairman Hohensee stated that he would not like to see STRs in the R3 zone, that STRs should only be a percentage in the Commercial zone and limited in the other residential zones.

Commissioner Gilchrist stated that he was opposed to a percentage limit of STRs based on the housing stock. He believes STR restrictions would be best met with occupancy and duration limitations. Staff acknowledges that the proposed duration limitation adds complexity when tracking.

The Commission came to the following conclusions and consensus, broadly speaking, regarding the proposed alternatives and regulatory tools available:

- The Commission broadly agrees that tracking software is necessary and would like to see STR fees adjusted in such a manner that this cost to the city to regulate STR be borne by the STR permittees.
- The Commission favored limiting STRs per person/entity and implementing limitations on the number of nights.
- STRs have a place in the community and local economy. However, it should be taxed and regulated, and controlled by the four factors identified by staff: Location, Duration, Quantity, and Occupancy. All Commissioners favored the optional additional 2% tax to be used on affordable housing.
- Regarding the four alternatives proposed, the Commission, broadly speaking, was more in favor of something akin to Alternative 2. Commissioners shared the consensus that STR outside of the walkable downtown core in residential single-family neighborhoods should be restricted.
- The Commission struggled with reaching consensus on what defined 'Owner Occupied' and whether that meant a hosted rental or the ability to rent an entire house.
- Most commissioners were in favor of restricting Accessory Dwelling Units (ADUs) from being short-term rentals. Two commissioners (Hohensee and Gilchrist) did not favor this proposal from a property rights perspective.
- All commissioners favored restricting dual use of a property as long term and or short term to avoid evicting tenants for an STR season.
- Commissioners were receptive to incentives to encourage affordable housing. For example, one idea pitched was to allow a non-owner-occupied STR unit as part of a development in exchange for deed-restricted affordable or attainable units or as part of a unit bonus program.

ADJOURNMENT

The meeting was adjourned at 8:04 p.m.

Greg Hohensee, Chairman

Erika Castro Guzman, Associate Planner

File Attachments for Item:

2. Workshop - Short-term Rentals



CITY OF WHITE SALMON MEMORANDUM

Meeting Date:	September 22, 2021	Meeting Title:	Planning Commission
Submitting Department:	Planning Department	Presenter:	Brendan Conboy, City Planner
Agenda Item:	Short Term Rental (STR) Moratorium – Work Session	Public Comment:	No

Purpose and Policy Considerations

On July 21, 2021, the White Salmon City Council adopted [Ordinance 2021-07-1083](#), a Moratorium on New Short-term Rentals (STR) for a period of time not to exceed six months, unless extended for good cause pursuant to [RCW 35.63.200](#). Short-term Rental is defined in Title 17 of the White Salmon Municipal Code as,

17.08.530 – Short-term rental, “A residential lodging use, that is not a hotel or motel or bed and breakfast in which a dwelling unit, or a portion thereof, that is offered or provided to a guest(s) by the residence owner or operator for a fee for fewer than thirty consecutive nights”

The ordinance requires that the Council hold a public hearing within 60 days of the of the moratorium taking effect. On September 1, 2021, the City Council held a public hearing and voted unanimously in favor of extending the moratorium until such time that regulations may be enacted. Council directed staff to begin refining the focus of proposed regulations with the Planning Commission ([Staff Report](#), [Video](#), [Minutes](#)). The intent of the moratorium is to respond to repeated and substantial complaint from members of the public citing the adverse impacts of unregulated STR uses across the community, broadly speaking. Council made key findings for the moratorium detailed in the ordinance.

Planning Commission: August 25, 2021

Staff brought the matter before the Planning Commission on August 25, 2021, to gather feedback to provide the Council prior to the public hearing on September 1, 2021 ([Video](#), [Staff Report](#)). Following a presentation by staff, the Commission reached the following consensus, broadly speaking, regarding the proposed alternatives and regulatory tools available:

- The Commission mostly agreed that tracking software is necessary and would like to see STR fees adjusted in such a manner that this cost to the city to regulate STR be borne by the STR permittees. There is still some question from the Commission as to the necessity of tracking software, or whether other options exist that could be utilized.
- STR has a place in the community and local economy, however it should be taxed and regulated and controlled by the four factors identified by staff: Location, Duration, Quantity, and Occupancy. All Commissioners favored the optional ‘additional’ 2% tax to be used on affordable housing.
- Regarding the four Alternatives proposed, the Commission was more in favor of something akin to Alternative 2. Commissioners shared the consensus that STR outside of the walkable downtown core in residential single-family neighborhoods should be restricted.

MEMORANDUM

- The Commission struggled with reaching consensus as to what defined 'Owner Occupied' and whether that meant a hosted rental or the ability to rent an entire house.
- Most commissioners were in favor of restricting Accessory Dwelling Units (ADUs) from being short-term rentals. Two commissioners were not in favor of this proposal from a property rights perspective.
- All commissioners were in favor of restricting dual use of a property as long term and or short term to avoid evicting tenants for a STR season.
- Commissioners were receptive to incentives to encourage affordable housing. For example, one idea pitched was to allow a non-owner occupied STR unit as part of a development in exchange for deed restricted affordable or attainable units or as part of a unit bonus program.

Following the Planning Commission Meeting staff reached out to the Planning Director of Hood River for further guidance on how the issue of occupancy is dealt with in that community. The Hood River Planning Director stated that getting into the weeds so to speak on definitions of 'owner-occupancy' when it comes to whether a STR is an owner on site hosted home-share of a room in the house or a vacation rental of an entire house is not worth the headaches caused. In other words, Hood River has requirements to demonstrate residency in order to STR a house which include a copy of the voter registration, a copy of an Oregon Driver's License or Identification Card, and a copy of federal income tax return from last tax year (page 1 only financial data should be redacted).

The Planning Director further recommended that the tax return be required and a choice of one or the other forms be required in addition. According to the Director, it's a policy that would cool off ownership change over for one year and it's much more difficult to cheat. In addition, Hood River restricts STR in the residential zones to 90 days maximum a year. The Director felt that such measures were sufficient to reduce the impact of entire houses being rented. Staff suggests the Council carefully consider allowing entire homes to be rented as STR.

As a matter of clarification, staff would like to reaffirm the position that ADUs should be restricted from STR use. A commissioner had asked staff why ADUs should be restricted to which staff replied that ADUs serve a critical role as infill housing in existing neighborhoods and are intended to provide long-term housing at reasonable rates to single or small households whose housing market needs are not being met. Staff would like to add that the battle to normalize and legalize ADUs across the country was decades in the making, and it was an uphill battle against neighborhood groups that did not want those uses 'in their backyard'.

With the proven success of ADUs as a key component of housing action being demonstrated around the country, it is necessary in staff's professional opinion that ADUs be restricted from STR use as a means to ensure that they remain long-term rental units for the segment of the population they are intended for. Tracking software can distinguish ADU units and staff will be able to identify and compile an ADU database of units by past permits for enforcement purposes.

Revised Alternatives

Following the August 25, 2021, Planning Commission meeting and the September 1, 2021, City Council meeting, staff has refined the following tools and strategies previously identified being utilized by other communities to regulate STR.

MEMORANDUM

A. Tracking Software

In staff's professional opinion, tracking software is essential for understanding the scope of the STR use in the community, to identify revenue loss and administer fines, to protect the community with health and safety measures in identifying and bringing STRs into compliance, and greater automation of tasks that reduce staff time. The majority of Planning Commission members agree that tracking software is necessary, as does the City Council. Staff is still in the process of reaching out to various tracking software providers to obtain additional quotes for scopes of service and will bring that information back to the Planning Commission at a later date.

Without tracking software, staff is relegated to checking each individual listing against licensed uses, conducting a site visit to document the violation if possible, and following up with fines. This is a large task to undertake on a consistent basis, and one that also falls outside of normal business hours staff is employed. The appeal of tracking software is that the documentation of the violation can be achieved via online information, 24 hours a day, 7 days a week, to determine whether the room was booked, and a transaction was made, with the software automatically generating a report which documents the transaction and correlates the online listing photographs with other sources to ensure the address is correct.

Tracking software for STR will result in additional staff time estimated at 2 to 4 hours per week. For this reason, it makes sense to scale the number of allowed STR uses to a proportional level of expected permit fee and tax revenue to offset the staff time and tracking software expense caused by unregulated STR use in the community.

B. Zoning Amendments

Staff suggests that the Planning Commission further refine the desired characteristics and boundaries of the Overlay zone(s):

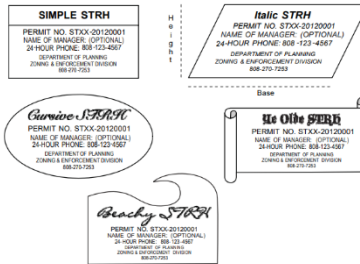
The Planning Commission expressed preference for something akin to Zoning Alternative 2:

An overlay of the commercial downtown core and walkable downtown residential core within which STR is an allowed use by permit with requirements for owner occupancy in the residential areas of the overlay. Outside of the overlay STR is not allowed.



Additional Title 17 text amendments for consideration:

1. **Ban the use of Accessory Dwelling Units for STR use.** Two Planning Commissioners have expressed opposition to this approach; however the City Council is in favor. This should be discussed further.
2. **Requirement for a Conditional Use Permit for STR in either the commercial or residential zones.** Discuss the proposed benefits and limitations of such a process. Alternatives include a ‘by-right’ permitting process subject to the regulations adopted. A Conditional Use Permit subjects each individual STR use to additional scrutiny.
3. **Define Owner -Occupancy.** Staff suggests Hood-River’s definition requiring tax return and copy of driver’s license and/or voter ID.
4. **Modify or repeal [Ordinance 2019-12-1052](#)** Adopting WSMC 5.02 Short-Term Rentals. The ordinance as it is currently written allows STR use throughout the city despite it not being a listed allowed use in Title 17.
5. **Duration. Determine the appropriate number of days a commercial non-owner occupied STR may operate and the number of days a residential owner occupied STR may operate.** For example, commercial use could be unlimited, whereas residential use would be subject to a 30/60/90/180-day limit. Such limits should be considered in light of discussions regarding ‘dual-use’ of long-term and short term uses.
6. **Requirements for on-site signage** for approved STR units with contact info for conflict resolution and enforcement. Clarify type and size of signage.



Example of STR Sign requirements for home rentals in Maui, HI¹

7. Incentives for landlords to convert their STR to long-term housing, e.g., development bonuses for affordable housing, or a ‘Reliable Renters program’. **Discuss appropriate incentives.**
8. Affordable housing mitigation requirements for new STR use (long term). **Discuss potential for affordable housing fees for new STR use following comprehensive zoning updates.**

¹ <https://www.maui-county.gov/DocumentCenter/View/79190/STRH-Sign-Requirements---rev-June-29-2016?bidId=>

MEMORANDUM

C. Increase in Permit Fees

A common method in setting STR fees is to price the cost of a permit at roughly one or two times the average cost of a night of stay. If the average is \$180 this would suggest an annual permit fee of around \$350-400 to cover administration costs and serve as a disincentive to STR. At \$400 a permit, the current 36 licensed STR permits would generate \$14,400 in permit fees. **Planning Commission should determine the appropriate fee to cover administrative costs.**

D. Quantity Limits

1. **Staff suggests that the Planning Commission determine whether an individual may have more than one short term rental.** This would be moot if owner-occupancy is required. Staff does not suggest limiting the number of commercial short term rentals any one individual may have in commercial zones, rather a limit on the total number of STRs within that zone should be considered.

The Planning Commission should determine the appropriate percentage of STR uses by type or area. For example, it may be reasonable to say that no more than 5%, 10%, 15% of all housing units in the downtown walkable core may be STR. Staff suggests placing a twilight clause on the automatic renewal of the permit of five years at which point it is available via lottery. The Commercial zone be limited to a certain percentage of housing units that may be STR. Likewise for residential zones in consideration.

E. 'Additional' or 'Special' Lodging Tax

In addition to the 'basic' 2% lodging tax, counties and cities may levy an additional lodging tax on STR and motel-hotel use of up to 2% in increments no smaller than 0.1%. Unlike the 'basic' 2% lodging tax, the additional lodging tax is not a credit against the state sales tax and is therefore a tax increase for the lodging patron. While lodging taxes are generally reserved for eligible tourism-related expenses, cities and counties can use lodging tax revenues to repay general obligation bonds (RCW 67.28.150) or revenue bonds (RCW 67.28.160) issued to finance loans or grants to non-profit organizations or public housing authorities for affordable workforce housing within a half-mile of a transit station. This section of code cites the criminal code to define a transit station, *RCW 9.91.025 (a) "Transit station" or "transit facility" means all passenger facilities, structures, stops, shelters, bus zones, properties, and rights-of-way of all kinds that are owned, leased, held, or used by a transit authority for the purpose of providing public transportation services.*

Effective April 14, 2021, ESHB 1070 expands the affordable housing & related services sales tax (RCW 82.14.530) to allow revenues to be used for acquiring affordable housing, behavioral health facilities, or land for those purposes and updates the definition of "affordable workforce housing" in RCW 67.28.180 related to lodging tax revenues to between 30% and 80% of the county median income. In addition, staff has confirmed with the City Attorney that additional lodging tax revenue can be used for capital projects with a 'tourism' connection, such as restoring the bluff stairs or future multimodal transit facilities and operations. **The Planning Commission is in favor of this additional tax.** Staff would like to clarify that to the best of their knowledge this is the maximum amount of lodging tax that can be imposed by Washington state law.

MEMORANDUM

F. 'Lottery' System

Staff suggests the Planning Commission determine the scope and parameters of a lottery system. Suggested items for discussion is how long a permit is valid before being re-entered into the lottery system, whether there is any sort of weighted system for fairness, and the proportion of permits available.

Recommendation

Staff recommends that the Planning Commission discuss staff's proposed alternatives and regulatory tools and provide direction to staff regarding desired outcomes and next steps. Staff will then prepare any necessary reports and draft ordinances to bring back to the Planning Commission and City Council at a public hearing.