

SHORT-TERM RENTAL AD HOC COMMITTEE**Thursday, December 7, 2023, beginning at 5:00 PM****In-Person Meeting at Newberg City Hall****414 E First Street, 1st Floor, Permit Center Conference Room**

- I. CALL MEETING TO ORDER**
- II. ROLL CALL**
- III. APPROVAL OF NOVEMBER 3RD, 2023, MEETING MINUTES**
- IV. APPROVAL OF NOVEMBER 13TH, 2023, MEETING MINUTES**
- V. DISCUSS CRITERIA ENHANCEMENTS RELATED TO VACATION RENTAL HOMES INCLUDING NEWBERG MUNICIPAL CODE (NMC) 15.445.330 AND OTHER APPLICABLE CODE SECTIONS**
- VI. CONTINUE DISCUSSION OF ACTION PLAN AND FORMATION OF RECOMMENDATION TO CITY COUNCIL**
- VII. NEXT MEETING: TO BE DETERMINED**
- VIII. ADJOURNMENT**

FOR QUESTIONS, PLEASE STOP BY, OR CALL 503-537-1240, COMMUNITY DEVELOPMENT DEPT. – P.O. BOX 970 – 414 E FIRST ST.

ACCOMMODATION OF PHYSICAL IMPAIRMENTS: *In order to accommodate persons with physical impairments, please notify the Community Development Department of any special physical or language accommodations you may need as far in advance of the meeting as possible as and no later than 48 business hours prior to the meeting. To request these arrangements, please contact the Office Assistant II at (503) 537-1240. For TTY services please dial 711.*

MEMORANDUM

TO: Short-Term Rental Ad Hoc Committee

FROM: Clay Downing, Interim Community Development Director

SUBJECT: Committee Member Input Received for Continued Discussion of Action Plan and Formation of a Recommendation to City Council

DATE: November 22, 2023

Consistent with prior discussion of your committee, members of the Short-Term Rental Ad Hoc Committee have provided staff with their initial comments related to the regulation of vacation rental homes in Newberg. Responses are attached hereto and were received from committee members Chetlain, Kilburg, Keyser, and Wheatley.

Attachments:

1. Statement from David Chetlain
2. Statement from Peggy Kilburg
3. Statement from Beth Keyser
4. Statement from Robyn Wheatley

Clay Downing

From: David C <dchetlain@gmail.com>
Sent: Saturday, November 4, 2023 8:23 AM
To: Clay Downing
Subject: Re: Short-Term Rental Ad Hoc Committee: Agenda and Meeting Materials for 11/3/2023 Available

This email originated from outside the City of Newberg's organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Clay,

Thanks for the time last night. I had two takeaways from the meeting. The first is to see how other cities are using short term rental agencies to collect taxes. A bit of googling found me these tidbits:

<https://help.vrbo.com/articles/What-Stay-Taxes-Lodging-Taxes-does-HomeAway-collect-and-remit>

'Vrbo's tax obligations

Vrbo collects and remits lodging tax in required [jurisdictions](#) when rental bookings and payments are made on our platform. We'll email you to let you know when we start to collect and remit lodging tax in your area.

In jurisdictions where we're liable, we collect lodging taxes from the guest when they book, and we then remit the taxes to the appropriate taxing authority either monthly, quarterly, or annually.'

This link is a list of places that VRBO remits taxes to: <https://help.vrbo.com/articles/vrbo-stay-taxes-lodging-taxes-united-states-a-e>

Oklahoma City has a nice portal on their website where you can apply to operate a STR and offers

FAQ: <https://www.okc.gov/departments/development-services/business-licensing/business-licenses/home-sharing-license> In OKC - only AIRBNB remits the taxes: 'Airbnb has an agreement with the City to collect and remit hotel taxes and file monthly tax reports on behalf of its hosts. Residents who use other services to rent out their home are responsible for their own hotel tax payments and reports.'

In 2019 Wisconsin passed a statewide law that requires <https://doorcountypulse.com/bill-aims-to-clarify-room-tax-allocations-for-airbnb-vrbo-renters-in-wisconsin/> 'lodging marketplaces must collect sales and room taxes on behalf of their users.'

So here is my opinion and contribution on the topic:

- There is precedence in states and cities across the country that STR brokers/operators are collecting and remitting lodging taxes.
- Newberg should codify a similar law that requires a potential STR operator to list on their business license application the broker that they will be using. Renewals of licenses should require an operator provided report of all their rental nights in the previous year. Failure to remit taxes at least quarterly should result in a \$5,000 fine for first offense. Second offense would be a \$10,000 fine and permanent loss of operating license. Renewal of license should be conditioned upon an audit of the provided lodging report with submitted tax receipts.
- Newberg may want to consider a short list of approved rental agencies with a demonstrated method of properly remitting taxes. We can start with AIRBNB and VRBO but also make a provision to allow people to petition for other providers.
- No nights limit on amount of taxes collected. Just require that all remittances go through the agency. Those are the most easily auditable records

Secondly - one of the items that the committee needs to define and establish are the 'Special use standards for Vacation Rental Homes NMC - 15.445.330

I'm fine with everything on your slide - but to it I would add:

- All neighbors within 500 feet must receive an annual mailing/postcard with contact information in lieu of a sign in the yard.
- minimum 500 feet distance between STR's
- Method to file complaints on City website that doesn't require a police call.
- 90 Night rental limit per year (same as Hood River, OR)
- Owner of short term rental must prove at least 6 months of residence in City of Newberg.
- Limit STR business licenses to no more than 2% of total households in City of Newberg. According to the police letter you shared, there are currently 9,177 households in the City of Newberg and 73 registered short term rentals. This limit would allow the City to more than double the current amount of short term rentals.
- All current approved STR's grandfathered in for 5 years but must adhere to annual limits and proposed tax reporting requirements.

On Fri, Oct 27, 2023 at 3:53 PM Clay Downing <Clay.Downing@newbergoregon.gov> wrote:

Email BCC to Members of the Short-Term Rental Ad Hoc Committee

Good afternoon Committee Members,

The agenda and meeting materials for the next meeting of the city's Short-Term Rental Ad Hoc Committee are available online and attached to this email. Online materials and meeting details are available <https://www.newbergoregon.gov/cd/page/short-term-rental-ad-hoc-committee>. Please contact me if you have question related to the committee or agenda prior to the meeting. Best,

Clay Downing

Planning Manager

City of Newberg, Community Development Department
Direct: 503-554-7728 | **Main Office:** 503-537-1240

Pronouns: he/him



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Short-Term Rentals Ad Hoc Committee

Suggestions for Recommendations to City Council for Discussion at November 13th meeting

Peggy Kilburg

1. Change permitting process from Type III (conditional use) to Type II (special use).
2. Enforce compliance regarding business licenses, permit fees and Transient Lodging Taxes (TLTs). This will require work on the part of City staff to improve (or possibly overhaul) the current procedures in place for greater transparency and tracking, and to ensure 100% collections. This may involve a software solution as well.
3. Amortize grandfathered STRs to bring them in to full compliance by July 1, 2024 (Is that a reasonable timeframe?)
4. Limit STR density by restricting STRs to one every 500 (or 600 or?) feet in any direction.
5. Require owners of STRs to reside in or within ten miles of Newberg at least six months of the calendar year (no more STRs owned by non-resident investors), and that a property manager be available when the owner is not residing in Newberg.

6. Owners/property managers must annually notify all residents within 500 feet of the STR of its existence and provide name/s and contact information to report problems with the renters.
7. Give NDPD access to STR addresses and ask them to track complaint calls for enforcement of current code.

Notes:

1. *In our earlier meetings, I thought we needed to create and publicize a clear complaint process to our citizens, but I think No. 6 above eliminates that need.*
2. *I have read some policies that require STRs to be rented a certain number of months per year OR limit the number of days per month and/or months per year. I'm not sure why that matters.*

SHORT TERM RENTAL ADHOC RECOMMENDATIONS

Beth Keyser

Thank you for this opportunity to be a part of enhancing our city through improved criteria and policies for short-term rentals in the city of Newberg.

My background is in real estate and I have been a short-term rental business owner in Newberg within the past year. My application process was during the pandemic and was a lengthy Type III process.

We have had numerous good discussions within our committee with each individual bringing something of value to the table and sharing personal insight and reaction to the short-term rentals in our city.

My recommendations are as follows:

I do not recommend a moratorium on short-term rentals in Newberg

NMC 15.05.030 refers to Vacation Rental Homes. I believe that for consistency this type of business and housing should be referred to as Short Term Rentals (STR) consistently through all city documents for process, procedure, and permitting or licensing.

Neighborhood Make-up – Keeping the community of a neighborhood and all that it brings has been addressed as a concern. Some solutions in my opinion;

Allow the current area near GFU and the downtown area to have a high-density saturation of STRs.

In areas outside of the above-mentioned area (see page 6 of the white paper),

Allow 100 STR per square mile of the city

which is allotting the same number of homes being used for STRS but not being 500 feet between STR.

Allow or require 8' fences or 8' shrubbery to create a visual barrier between STR and neighboring properties.

Business Licenses – have not been purchased in a consistent manner, this is lost revenue for the city and gives way to non-compliance thus diminishing city revenue, thus potentially increasing water rates (because that's where the city catches up on all its deficit spending).

Business licenses are to be \$250 for a 3-year period (however, this could be awkward if a STR does not stay in business that long, but it also could just be the price you pay to participate in commerce (legal question)).

City purchase software to track the business license purchasers, software to provide notification of renewal period, and automatic email notification.

Business license applications require an email for communication with the city.

Failure to obtain a business license and run an STR incurs steep fines (to be determined by cost to collect, double what the projected revenue would have been for example), with the ultimate being loss of permit/license for the operation of STR.

License fees are different from in-home business, business licenses.

Business license triggers the need for STR permit/licenses and TLT tax collection

I am not sure of the legality of the decibel meters and require they be in all STRs and to be monitored by management. But that would save on noise complaints and put it in the management's responsibility rather than the police.

Upon purchase of a STR business license, the city provides a list of functions the holder must comply with such as:

Notify all homes in a radius (to be determined) that the property will be used as a STR.
Contact information for the managing person/party responsible for the property.

Police contact number in case of violation of city laws for quiet enjoyment.

At five (?) complaints to the Police, the permit/license would be subject to review and corrective action, if not carried out then the permit/license would be revoked

City process for becoming a STR –

Move homes that are in complying areas to the Type II review process. Homes in areas that they may be non-conforming remain in the Type III review process. Provide an online map for potential business owner information.

Permit/license runs with the owner, not with the land.

Allow building-permitted ADUs to be used as STR.

On the map (page 7 of the White Paper), grey areas near the river should become STR-permitted space subject to Type II permitting.

How would the city change the area that is 75% of the area permitting vacation rental homes to require conditional use approval (figure 5 White Paper pg. 8), so that it is a Type II permit area? I think it requires an adjustment of the Type III criteria.

Type III Review Criteria

Tighten up size to be able to sleep a maximum 10 people (currently, there is conflict as one place says 10 and another states 15)

Minimal livability – could be defined as limiting neighbors' negative impact with guests. This can not be determined at the permitting/licensing time.

Making allowable or required barriers between properties such as 8' fences or required foliage. (I have not taken the time to look up allowable fence heights and setbacks and so on).

Street and home parking must be able to accommodate 2 or 3 vehicles if 5 bedrooms or more

This would require a visual exterior inspection of the property by staff, photos or physical inspection.

Criteria should also include a completed building permit.

Type II Review Criteria

Add E Fence height to be 8' or 8' shrubbery.

Transportation Lodging Tax – this is the reason the city allows STRs in the first place.

Required to be paid by all STR active on the market

Collected through rental platforms

Non-platform rentals are to be pay by the manager or business license holder

Non-payment of TLT to have fines associated with it, timeframe (TBD) to regain compliance, failure to do so would require forfeiture of permit/license for STR.

City to purchase software to track payment of TLT.

Current grandfathered in STR to have 3-4 months to become compliant, through pursuing, business license, Type II or Type III permit for use depending on the area the property is in.

On Page 18 of the White Paper, there is a discussion about resolution No. 2023-3889. Housing is a multi-faceted discussion. For the purpose of STR, there is no comparison to affordable housing. The homes that are majorly in STRs status are higher-end housing, they would never be considered affordable housing. There is no competition for

affordability. The properties that fall into affordable housing are apartments, townhomes, and manufactured homes, if affordable housing is really a goal for our city then there should be zoning changes to accommodate more of this type of building/housing. There is also discussion about interior inspections of the STR properties, which is an invasion of property rights and I do not support that. If one were to follow that logic, then long-term rentals would be inspected, and they are not. I would argue that all of the STRs are well kept, and well maintained as a point of necessity to attract renters. Ones that are not maintained well will not survive in the competition.

The Rationale – This statement is made, the increased number of STRs in Newberg is affecting and will affect the number of available housing. This is not based on reality; the reality is the city can and should open the urban growth boundary to incorporate more land for building housing. The State has required more high-density housing configurations in cities now, and we are seeing that play out in the undesirable but necessary development at Crestview Crossing. People do not want to live in this type of housing (I have shown plenty of those properties in my profession and heard the comments). Nonetheless, when push comes to shove and there are no other options people will buy them. This is simple supply and demand economics. So as properties are built they will be sold, and if someone can't afford what is offered in Newberg, they will go to Dundee, Lafayette, McMinnville, Gaston, and everywhere in between, as I have seen in the past 20 years of selling real estate in Yamhill County. Our town continues to fill up, and so do the neighboring towns.

Safety – This issue was addressed with the police department and the answers they provided were satisfactory, proving that there has been no safety on a mass scale. One could argue that there is possibly more domestic violence and random property theft from residents of our fair city than visitors of it.

Regulation – I am a firm believer in property rights. As an investor and a Realtor, I believe that real estate is the greatest asset most people are blessed to have. I believe in limited government that gets to provide safety and structure for my assets. Limiting the regulations that the city extends to property owners will always be my preference. I do understand the need to be sure that not all real estate is taken up by STR homes. Often times money is the determining factor if someone is able to do something or not. Making steep costs involved in becoming a STR could keep some out of the market. Also having the limiting number as I discussed in the beginning of my writing is the other mechanism. I will reiterate that having inspections of property owners' buildings is intrusive and I am not in favor of such a policy. Having been a landlord, the city never required me to provide them access to determine if my properties were in satisfactory condition. The only time that occurs is if state money is subsidizing the rent.

Business owners – I heard a comment that Corporations are buying up housing. That could be just a person who is an investor purchasing investment properties. I know several people in our town who are incorporated for the safety of their assets. They are just like you and me but they spend their money on properties, they are not big corporations coming in to buy everything up. They are investors protecting their assets.

It has been my pleasure serving on this committee. I surrender my suggestions and look forward to what the staff does with this information. I am disappointed that I will miss our last meeting by a couple of hours. Thank you for your consideration of my opinions.

Beth Keyser

Clay Downing

From: Robyn Wheatley
Sent: Tuesday, November 21, 2023 1:35 PM
To: Clay Downing
Subject: Ad hoc action points

Hi Clay,

Below are my action points for the ad hoc committee to consider. I hope I got them all! I just received 2 emails from citizens concerned about the Chandler way vacation rental application. I invited Paco Benetti to our meeting on Nov. 30th as he has expressed concerns. He said he will come. Thanks!

Robyn

- *amortize grandfathered in str's
- *find non compliant str's
- *use software to achieve compliance for non permitted, TLT, license and permits *notify affected homeowners of STR approval with phone number and directions to express concerns *must have contact within city for citizens to call for concerns *complaint process enforced *perimeter rule- ft to be discussed
- * "goes with the land" permit
- * new homeowner must reapply
- *consider a "use it or loose it" clause *restrict str near schools- ft to be discussed

Sent from my iPhone