



MEMORANDUM

Short-Term Rental Policies Research Florence Housing Implementation Plan

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TO Wendy Farley- Campbell, Planning Director, City of Florence
FROM Darci Rudzinski and Emma Porricolo, MIG | APG
CC Florence HIP Project Management Team

Introduction

The Florence Housing Implementation Plan (HIP) will provide recommended housing programs and funding strategies that will guide future housing development in the City. An initial step in developing the HIP is reviewing housing needs and recommendations from the 2017 Housing Needs Analysis (HNA) and summarizing this information in a Housing Implementation Plan Background Report. As part of this initial step the Project Team is providing the City with research, information, and strategies to inform a future new short-term rental (STR) housing policy. The City recognizes that STRs can impact housing availability for permanent residents; community leaders would like more information on the available tools to regulate STRs.

This memorandum is intended to provide an overview of common STR regulations in practice in Oregon through an evaluation of case studies, primarily focusing on jurisdictions on the Oregon Coast. The information presented includes how jurisdictions regulate STRs through land use regulations, licensing programs, and operational restrictions. The memorandum concludes with action items and considerations that can inform local discussion regarding appropriate STR regulations for the City of Florence.

Existing Conditions

Florence is facing housing challenges related to both availability – dwelling units and types of housing available to accommodate the growing population – as well as affordability. The combination of relatively low-wage service jobs, lack of apartment inventory, and a surge in home prices is driving up rental rates and exacerbating a workforce housing shortage.¹ Housing stock purchased as investment properties for STRs reduces housing options for Florence residents, exacerbating an already difficult local housing market.

¹ Florence Housing Needs Analysis (2017).

The HNA documented that the number of STRs had been increasing over the previous decade, and that by 2017 there were 62 short-term rental bedrooms available online through websites such as AirBnB. The housing research pointed to the significant role STRs played in the local tourism lodging industry, estimating that the STR segment accounted for approximately 11,315 annual room nights of demand, or 7% of total demand, in Florence in 2017. The HNA projected this demand to continue, estimating additional demand for 263 seasonal housing units (second homes and STRs) over the course of the next 20 years. According to a Florence Chamber of Commerce and Travel Oregon study, Florence, Mapleton, and Westlake collectively had 181 rental properties (available on AirBnB & VRBO) with an occupancy rate of 74.66% in 2021.²

In addition to impacts on housing availability, there is concern in Florence about the potential ramifications of a growing number of properties owned by part-time or absentee home owners or landlords. Issues that conceivably could arise when residents or owners are away from properties for extended periods of times include property maintenance, waste collection, parking violations, and noise and other nuisance complaints.

The City of Florence currently prohibits accessory dwelling units, or ADUs, for STR use. In Florence, operators of STRs are required to get a Business License which requires annual renewal. The City applies a local Florence Transient Room Tax (TRT) of 4% to STRs.

The Florence HNA includes two recommended action items and policy recommendations:

- *Policy 34. Establish a cap on the number of short-term vacation rental properties available in residential zones.*
- *Policy 35. Prepare clear and objective city policy that defines and limits short-term rentals.*

Short-Term Rental Regulations

Many coastal communities and other tourism-heavily tourism-dependent communities in Oregon have implemented local regulations for STRs. Common regulations include limitations on the number and location of STRs and, once approved, policies for their operation. Licensing and operational requirements are typically found in municipal codes; land use permit requirements are in local development codes or zoning ordinances.

Case Studies

In Oregon, Hood River, Gearhart, Lincoln City, Bend, Bandon, McMinnville, and Yachats are some of the many jurisdictions that regulate STRs. Five of jurisdictions in particular - Gearhart, Newport, Lincoln City, Bandon, and Tillamook County - have robust local requirements and were chosen as case studies for this research. The jurisdictions are coastal communities, with two cities comparable in size to Florence. Table 1 provides a summary of regulations from the case studies; Attachment A provides additional information on each jurisdictions' requirements. The case studies are intended to be informative and illustrate the common short-term rental regulations on the Oregon Coast. Also

² Data represents available annual data (2021) for the cities of Florence, Mapleton, & Westlake from AirDNA.

informing this work is academic research from University of Oregon (UO), which provided additional context for existing practices and STR recommendations for Oregon jurisdictions.³

From this research, common regulations for STRs include, but are not limited to:

- **Adopt an official definition of “short-term rental.”** Most jurisdictions adopt an official definition of the use that is distinct from longer-term residential leases. Some jurisdictions have a subset of definitions under the short-term rental umbrella. For example, Newport’s definition includes has three different types of STRs: home shares (owner rents a room in the dwelling unit where they reside), bed & breakfast establishments (owner or manager lives on the premises), and vacation rental dwellings (entire unit is rented).
- **Limit STRs to certain zones or geographies.** Most jurisdictions use local zoning to place geographical limits on where STRs can be permitted. Commonly STRs are permitted differently in residential zones in comparison to commercial or mixed-use zones. Some jurisdictions, such as Newport and Lincoln City, prohibit STRs in the lowest density zones and/or certain planned developments; others consider STRs as commercial uses that are permitted only conditionally in residential zones.
- **Limit the number permitted.** Jurisdictions have chosen to limit the number of STRs permitted, either city-wide or in certain areas. Both Lincoln City and Gerhart have a cap on the number of STRs licensed in their cities. Other jurisdictions limit STRs through saturation rates. Saturation rates prohibit STR within a certain distance of other existing STRs (used in Bandon), or are based on an established percentage of lots in a zone that can be STRs (the Lincoln City approach). The UO Study suggests creating restrictions on STRs if they account for more than 4% of the housing stock in a jurisdiction.
- **Establish operational standards.** Operational standards set expectations for how the activity should be conducted and properly maintained and can mitigate livability and nuisance concerns regarding STRs. Case study jurisdictions had a variety of regulations related to operations including:
 - Maximum occupancy requirements
 - Parking requirements
 - Landscaping requirements
 - Waste collection requirements
 - Requiring a contact to be local
 - Signage requirement for dwelling/unit number
 - Life/safety inspections to ensure safety requirements such as fire alarms, railings, pool safety, etc. is met
 - Quiet hours
 - Displaying tsunami evacuation information

³ DiNatale et al., “Short-term rentals in small cities in Oregon: Impacts and regulations”, 2018. <https://www.eugene-or.gov/DocumentCenter/View/52935/UO-STR-Research-project-summary> and “Assessing and Responding to Short-Term Rentals in Oregon,” 2017, https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/22520/DiNatale_final_project_2017.pdf?sequence=3&isAllowed=y

A UO study recommends creating provisions that revoke STR license or permits for properties that receive more than 5 nuisance complaints in a year. Newport has policies that revoke the permit after 3 complaints.

- **Require licensing.** Most jurisdictions require a license be obtained in order to legally operate a STR. The licensing programs are used to periodically check and maintain the STR licenses; many have annual renewal requirements. Licensing requirements ensure regulatory consistency within a jurisdiction and provide an opportunity to educate STR owners about operations requirements. In Lincoln City, the license is the second step of permitting a STR after land use approval.
- **Collect taxes (Transient Room Tax) and assess penalty fees.** The City of Florence collects TRT taxes for short-term rentals. Commonly, fees are assessed to help fund administration and enforcement of the local STR program. A 2017 study found that the average fee in participating Oregon jurisdictions was \$498 (see Figure 1).

Figure 1. Frequency for Fee and Tax Rates

Fee Rate Frequency		Tax Rate Frequency	
Mean	\$ 498	Mean	7.4%
Median	\$ 358	Median	7.5%
Standard Deviation	\$ 554	Standard Deviation	2.3%
Range	\$ 2,150	Range	8.6%
Min	\$ 50	Min	1.8%
Max	\$ 2,200	Max	10.4%

Source: Responding to Short-Term Rentals in Oregon Survey, y-Q20 and y- Q21, 2017.

The table below summarizes the common elements of STR rental regulations from the case studies reviewed in this memorandum.

Table 1. Summary of Case Studies STR Regulations

STR Regulation	Gerhart	Newport	Lincoln City	Bandon	Tillamook County
<i>Restrict location</i>	Y	Y	Y	Y	N
<i>Restrict number of licenses/permits</i>	Y	Y	Y	Y	N
<i>Licensing program</i>	Y	Y	Y	N	Y
<i>Specific parking and/or landscaping requirements</i>	Y	Y	Y	Y	N
<i>Occupancy limits</i>	Y	Y	Y	Y	N
<i>Local contact requirement</i>	Y	Y	Y	Y	Y
<i>Fire/health/safety inspections</i>	Y	N	Y	N	Y

Other Notable Regulations

The following STR requirements not used in the case study jurisdictions, but applied in other Oregon cities, may be useful to consider for application in Florence.

- Yachats: As of 2020, the City has a lottery system for new STR permits, with a process for being included on a waitlist.
- McMinnville: Has a saturation rate regulation based on proximity; STRs are not allowed on properties within 200 feet of another (existing) STR.
- Eugene: Requires all STRs to register annually with the City. A Transient Room Tax of 4.5% applies to all STRs.
- Coos Bay: New STR regulations in Coos Bay were adopted in January 2022. Key features include a 300' distance requirement between STR locations (STRs where owner/operator does not live on the site). An STR Permit requires notification to neighbors within 300 feet of the proposed site and must include contact information for STR's owner/operator.⁴

⁴ Source: <http://coosbay.org/archive/news-entry/council-adopts-short-term-vacation-rental-and-homestay-regulations>

Next Steps

Requirements presented in this memorandum are intended to provide context and “real world” examples from other Oregon Coastal jurisdictions that regulate STRs. This work does not suggest a recommended approach for Florence, but rather is provided to inform community discussion.

Community leaders and interested citizens will need to take the next steps to identify which measures are appropriate for Florence, given the desired balance between permitting STRs and mitigating potential negative neighborhood or community impacts. The community will need to identify those issues that are of greatest concern, then choose appropriate measures to address those concerns.

In determining appropriate requirements and establishing a program for STRs, the community may wish to consider the following.

Table 2. Policy Questions to Guide Community Conversations

Potential Actions	Additional Considerations
<p>Limiting the Number of STRs. <i>Does the City want to set a limit on number of STRs permitted in Florence? What are the implications (positive and negative) of implementing a limit?</i></p>	<ul style="list-style-type: none"> • Is the limitation a city-wide limitation or focused on specific area(s)? • What is the maximum number of STRs permitted at one time? What will this number be based on? • Of the maximum number, how many are permitted at the outset of the program? Are existing STRs grandfathered into the program? • After the start of the program, how do new permits become available and accessed (e.g., waitlist and/or lottery system)?
<p>Limiting on location of STRs. <i>Should STRs be permitted throughout the City or limited to specific zones?</i></p>	<ul style="list-style-type: none"> • Should STRs be allowed outright, or conditionally through a land use permitting process? • What land use approval process should STRs be subject to if any?
<p>Regulating operations. <i>Should the City adopt operational regulations (e.g., occupancy limits, parking minimums, quiet hours) for STRs to reduce potential neighborhood impacts/ nuisance complaints? What are the most common nuisance issues that currently exist with STRs in Florence?</i></p>	<ul style="list-style-type: none"> • Does the City wish to establish regulations for the following? <ul style="list-style-type: none"> ○ Maximum occupancy limits ○ Minimum parking ○ Minimum landscaping ○ Waste collection requirements ○ Dwelling/unit number display size ○ Life and safety inspections (e.g., proper fire alarms, railings to code) ○ Display/sharing tsunami evacuation information ○ Quiet hours • Should the City establish a way to revoke STR licenses or permits when there are too many complaints related to operational standards? How many is too many? • Should a local contact who can handle immediate concerns be required for each STR? What is the role of the local

Potential Actions	Additional Considerations
	<p>contact at the time of complaint? Do neighboring properties receive the local contact's information? If so, how is that information shared, through a mailed notice or STR inventory on City's website?</p>
<p>Approval and Tracking. <i>How can the City implement and track new regulations related to STRs? Does the City wish to adopt a licensing/permit program to track and monitor STRs?</i></p>	<ul style="list-style-type: none"> • Is a licensing or permit program to ensure regulations are met necessary? What is the relationship between a license/permit program and potential land use approvals for STRs? • What staff and department(s) will take on the administrative responsibilities associated with new regulations? Which department will operate the program? Are there existing personnel that have capacity to dedicate to a STR program? Should fees be collected with a licensing/permit program to cover administrative costs?

As the questions above are explored, and before deciding on all of the programmatic, operational, and code requirements related to STRs, the City may benefit from discussing specific implementation items with staff and leaders from other jurisdictions. A next step could include contacting other jurisdictions to discuss "on the ground" knowledge and local implementation challenges related to STR regulations, permits, and licensing programs.

ATTACHMENT A – SHORT-TERM RENTAL CASE STUDIES

Five Oregon Coastal jurisdictions - Gearhart, Newport, Lincoln City, Bandon, and Tillamook County - were chosen as case studies to inform community conversations the City of Florence is having around STRs. Information for each of these communities is organized in a table that contains the following:

- **Name and Definition.** Jurisdictions refer to STRs by different names, including vacation rentals, and some have multiple subcategories under the umbrella term of “short-term rental.” The term used by each jurisdiction is described under this heading.
- **Permitted Use in Residential Zones.** Short-term rentals are typically permitted differently in residential zones as compared to commercial or mixed-use zones. The regulations that apply to residential zones for each jurisdiction are described in this section.
- **Permitted Use in Other Zones.** In most jurisdictions, the short-term rentals are permitted differently in residential zones compared to commercial or mixed-use zones. The regulations that apply to residential zones for each jurisdiction are described in this section.
- **Licensing Program.** Separate from land use regulations, most jurisdictions establish licensing programs to monitor and regulate other elements of short-term rentals. Regulations associated with licensing programs are described for each case study.
- **Limitation on Number.** Some jurisdictions have chosen to limit the number of STRs allowed within their jurisdictions, or within a certain geographic area. The case studies represent two approaches, regulating STR saturation rates through land use approval or limiting the number of licenses issued at a given time.
- **Other Requirements.** Details on other regulations (e.g., operational, life/safety, parking requirements) in each jurisdiction are described below.

Short-Term Rentals Case Studies

City of Gerhart	
Name and Definition	Vacation Rental Dwelling. Any structure, or any portion of any structure, which is occupied or offered or designated for transient occupancy for less than 30 days for dwelling, lodging or sleeping purposes; and includes houses, cabins, condominiums, apartment units or other dwelling units, or portions of any of these dwelling units, that are used for temporary human occupancy, provided such occupancy is for less than a 30-day period.
Permitted in Residential Zones	<ul style="list-style-type: none"> • VRDs are seen as a commercial use. • They are not permitted in low- and medium-density residential zones and the planned development zone. Note, in the low- and medium-density zones some existing rentals were grandfathered in at the start of the VRD permit program. • In the high-density residential zone, VRDs are permitted within single family detached and multi-family housing.
Permitted in Other Zones	VRDs are not permitted.
Licensing Requirements	Yes, permits are required and required annual renewal.
Limitation on Number of STRs	In 2016, Gerhart established a one-time 60 day period to apply for permits in the low- and medium-density zones. The city limited the number of STRs permitted to be licenses in the low- to medium-density residential zones. In the high-density residential zone (R-3), there is no limit on the number of VRD permits. Annual renewal is required.
Other Regulations	<ul style="list-style-type: none"> • VRD permits don't transfer with the sale of house/unit, unless it is through inheritance. • Maximum occupancy is 2 persons per bedroom. • Off-street parking required a minimum rate of 1 space per VRD bedroom. • VRD yards must be 50% landscaped. • Fire/Safety/Heathy inspection is required along with periodic re-inspections. • VRDs must post a "Gearhart Tsunami Evacuation Map" in the dwelling. Gerhart recommends the VRDs have a prepped "Go Bag" with supplies. The permit application fee is \$100 less if a Go Bag is at the VRD and verified through inspection. • The City adopted "Good Neighbor Policies and Guidelines" that are required to be included in VRD rental agreements.

Source: https://www.cityofgearhart.com/sites/default/files/fileattachments/general/page/661/qzo_1.2021.pdf

City of Newport	
Definition	Short-term rentals subcategories are: <ul style="list-style-type: none"> • Home shares. Where owner rents a room in the dwelling unit where they reside. • Bed & Breakfast establishments. Owner or manager lives on the premises • Vacation Rental Dwellings. A short-term rental where the entire unit is rented.
Permitted in Residential Zones	<ul style="list-style-type: none"> • Home shares and bed breakfast facilities are permitted in all residential and commercial zones. • Vacation Rental Dwellings Permitted in the Vacation Rental Overlay Zone with use-specific limitations. The overlay covers commercials and residential zones in a specific area of town and avoids low-density residential neighborhoods (i.e., R-1). If all the standards related to VRDs are met, the permit is subject to a staff-level non-discretionary decision. If one of the standards is not met, land use approval still can be obtained through approval of a conditional use.
Permitted in Other Zones	
Licensing Requirements	Annual license renewal is required. Renewal is only permitted if the STR unit was rented for at least 30 days in the previous fiscal year.
Limitation on Number of STRs	In 2019, the City limited the number of STRs to no more than 176 licenses for STRs.
Other Regulations	<ul style="list-style-type: none"> • No more than 5 bedrooms are permitted in B&Bs and VRDs • City has spacing standards for density of STRs to avoid heavy concentrations. • Local contact is required for rentals. • 1 off-street parking space per bedroom is required. • 50% of front yard and 40% of total area shall be landscaped. • City established a process for revoking license for enforcement and a 2 year hold for a STR before owners can reapply for a STR license.

Source: <https://newportoregon.gov/dept/cdd/VacationRentalDwelling.asp>

Lincoln City	
Definition	Vacation rental dwelling means a dwelling unit that is used, rented or occupied on a daily or weekly basis, or is available for use, rent, or occupancy on a daily or weekly basis, or is advertised, or listed by an agent, as available for use, rent, or occupancy on a daily or weekly basis.
Permitted in Residential Zones	<ul style="list-style-type: none"> • VRDs are a permitted use in the residential (R-1-5 and R-1-RE), plan districts (Oceanlake PD, Nelscott PD), Vacation Rental (VR), and commercial (GC, RC, TVC) zones. Note, expansion of the VR zone is prohibited. • VRDs are permitted as accessory use in most residential zones (R-1-5, R-1-7.5, R-1-10, R-M and R-R). Accessory VRDs are not considered a commercial use. • In the R-1-5 zone, only 10% of the lots within the zone can have VRDs. • In the R-1 zone VRDs are considered commercial uses and are only permitted in the vacation rental zones.
Permitted in Other Zones	

Lincoln City	
	<ul style="list-style-type: none"> Rentals in the R-1-RE zone are considered non-conforming uses that cannot transfer with sale.
Licensing Requirements	The VRD licensing processing is the second step after land use approval. If the VRD license hasn't been issued within one year of the land use approval date, the land use approval becomes null. Once a license is obtained, license renewal is required.
Limitation on Number of STRs	<ul style="list-style-type: none"> In the R-1-5 zone, only 10% of the lots within the zone can have VRDs (equals a maximum of 194 STRs permitted). No new STR licenses are permitted in the R-1-RE zone. There is no limit on the number of STRs in commercial zones.
Other Regulations	<ul style="list-style-type: none"> One off-street parking space must be provided for each bedroom. In no case shall less than two off-street parking spaces be provided for each dwelling unit. 50% of the front yard must be landscaped in residential zones. Application notice for VRDs must notify property owners with 250 feet of the property. Notice must include name and phone number of contact person for the VRD. Inspection for fire/life/health safety is required. Established requirements for complaints process and responses. Occupancy cannot be more than 3 times the number of bedrooms plus one additional occupant or 16 total occupants. License has operational requirements for waste collection. Roads End Neighborhood has separate VRD standards.

Source: <https://www.lincolncity.org/departments/planning-community-development/vacation-rental-dwellings-vrds> and <https://www.lincolncity.org/home/showpublisheddocument/456/637723117803034188>

Bandon	
Definition	Vacation Rental Dwellings (VRD). An existing single-family detached dwelling which is rented, or is available for rent (whether advertised or not) for a period of less than one month to a family, group or individual. A VRD is considered to be a commercial use.
Permitted in Residential Zones	VRDs are conditional uses in the mixed-use residential zones, known as Controlled Development Zones (CD). In the CD-1 zone, only permitted when located in the VRD overlay. In all zones VRDs are permitted as Conditional Uses, subject to Planning Commission approval. VRDs are not permitted in residential zones.
Permitted in Other Zones	VRDs are permitted in the Marine Commercial (C-3) zone as a conditional use.
Licensing Requirements	Need approval of conditional permit for VRDs. No other licensing requirements necessary. Permit will be revoked if the VRD is not rented for one year or less than 10 nights within a calendar year.
Limitation on Number of STRs	There is no cap on the number of STRs permitted throughout the City, limitations on are based on saturation rate. STRs are permitted if less than 30% of the SFD dwellings within 250 feet of the subject property are short-term rentals.

Bandon	
Other Regulations	<ul style="list-style-type: none"> VRDs that are single family detached dwellings must be at least 3 years old in order to receive a permit for the VRD. All VRDs shall post the Bandon Tsunami Evacuation Route map must be placed in a conspicuous location within the dwelling. ADUs are prohibited on properties with short-term rentals. One off-street parking is required for each bedroom in a VRD and are required to have a minimum of 2 spaces. Local management and/or contact is required. Maximum occupancy is limited to 3 people per bedroom or 10 people total. Regular garbage collection is required.

Source: <https://www.cityofbandon.org/planning/page/vacation-rental-dwellings>

Tillamook County	
Definition	Short Term Rental ⁵ . A dwelling unit (including any accessory guest house on the same property) that is rented to any person on a day to day basis for a consecutive period less than 30 days during the year.
Permitted in Residential Zones	No regulations
Permitted in Other Zones	No regulations
Licensing Requirements	<ul style="list-style-type: none"> Short Term Rental Permit is required. Requires an inspection and fee payment to receive the permit. Annual permit renewal is required and inspections are required every 3 years. Short-Term Rental Operator License Fee Program also required. The fee must be paid quarterly. The fees collected from the program will go to County administration, housing initiatives and public safety initiatives. The Community Development Department administers both the permit and license program.
Limitation on Number of STRs	None
Other Regulations	<ul style="list-style-type: none"> Have designated quiet hours for STRs. A local contact is required. There are health/fire/life safety requirements that are checked through inspections. See Inspection Checklist Transfer of Short Term Rental Permit to new property owners are permitted with approval of an application from the County. STR regulations include a hearings process for STR regulations violations (e.g., too many noise complaints during quiet hours).

Source: <https://www.co.tillamook.or.us/commdev/page/lodgingshort-term-rental-resources>

⁵ Note Tillamook County references STRs as “Short Term Rentals” with no hyphen in short term.