

MINUTES
City of Newport
Short-Term Rental Implementation Work Group Meeting
City Hall, Council Chambers
Thursday, July 14, 2022

Work Group Members Present: Spencer Nebel, Dietmar Goebel, Cynthia Jacobi, and Sandra Roumagoux.

Work Group Members Absent: Bill Branigan, Jamie Michel (*excused*), and John Rogers (*excused*).

City Staff Present: Community Development Director (CDD), Derrick Tokos; Lieutenant, Brent Gainer; Community Service Officer, Jim Folmar; Interim Finance Director, Steve Baugher; and Executive Assistant, Sherri Marineau.

1. **Call to Order.** The meeting was called to order at 3:05 p.m.
2. **Public Comment.** None were heard.
3. **Approval of Minutes.** Motion was made by Dietmar Goebel, seconded by Cynthia Jacobi, to approve the April 27, 2022 Short-Term Rental Implementation Work Group meeting minutes as written. The motion carried unanimously in a voice vote.
4. **Discussion Items.**
 - A. **Update on Licensed Short-Term Rentals, Cap and Waitlist.** Tokos reviewed the summary of short-term rentals (STRs). He reported that there had been 45 STRs outside of the overlay zone since the beginning of the rules and now there were 36. Roumagoux asked why they went away. Tokos explained some folks chose not to do short term rentals at their properties, and some had a change of ownership where the new owner couldn't be license since they were outside of the allowed zone.

Jacobi asked if the new cottage cluster dwellings on Coast Street were on the waitlist. Tokos confirmed they were not on the list and it would be difficult to set them up for STRs.

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- B. **Short-Term Rental Enforcement Update.** Folmar reviewed the enforcement memorandum. He reported there was one cease and desist letter that he just sent out. Folmar reported they were still waiting on the Roy Neff situation, and didn't hear back from Finance on whether they've made any contact with the city to set up a date. The last they heard Neff hadn't made any contact. Gainer reported that the advertisement for the new Community Service Officer (CSO) would happen soon. This would be a 20 hours a week position and focus on the STR complaint investigations and compliance. They would also be trained to assist with nuisance violations. The position required them to work on Saturdays and Sundays. Then their third day could be either on Fridays or Mondays. The process would probably take until September before they had someone hired.

Jacobi asked why there were so many reports on 73rd Court. Folmar explained the two parking complaints were repeated complaints and the other was for trash pickup. Folmar noted there was an issue on 73rd Court where neighbors didn't like STRs in the area and they called in complaints that weren't STR involved. Managing this was about figuring out what was valid and what wasn't.

C. Scope of STR Ordinance Implementation Work Group's Final Report. Tokos reviewed the changes to the Newport Municipal Code (NMC) Chapter 4.25.030(B)(4) concerning the grace period for when STRs were sold and the new owner was immediately eligible to get a vacation rental license. Individuals or entities that purchased licensed vacation rental properties within or adjacent to commercial or water related zones, inside the vacation rental overlay, could immediately begin to use their properties for vacation rental purposes, provided they obtained a license.

Tokos reviewed the Chapter 4.25.045 concerning the waiting list for STR licenses. He went over the process for administrating the issuance of license endorsements and how properties on the waitlist were contacted when a license was opened for them. Goebel asked if properties on the waitlist who didn't meet the spacing standards would stay at the top of the list when this was done. Tokos confirmed they did if they chose to just stay on the list. If they decided to pursue a conditional use permit and it wasn't approved, they would go to the end of the waitlist. Tokos pointed out that the Planning Commission wanted language added to say 60 days from the date they received written notice for a license, so that there's a clock ticking so to speak.

Nebel asked how properties who didn't meet the spacing standards knew about the options. Tokos explained the city contacted them. We would let them know there was a license available for them but they couldn't meet the spacing standard because there was another unit on that street segment. They would be told they have the option of applying for a conditional use permit to try to get relief from that and then go through what was involved with the process. We would also tell them they would simply indicate that they wanted to stay on the waitlist and stay in the same spot. Nebel asked what the basis was for granting a conditional use permit for the spacing requirements. Tokos explained there was no special standard for spacing. It would be run through the typical conditional use permit criteria. The Planning Commission would have to look at the purpose and intent of the regulations, and the other conditional use criteria, and determine if relief was warranted. An example of this was when a street section was so long that they could warrant allowing parking relief. Tokos explained the conditional use process meant that a notice would go out to property owners and they would have a chance to give testimony on the decision.

Tokos reviewed the addition of Chapter 4.25.050(F) concerning how civil infractions were a strike against the STR. Folmar reported that there were instances where there were properties that had several nuisance calls. Once they built up a history on a property they had more teeth on enforcement. Folmar questioned if they wanted to list out what nuisance types they would consider. Tokos thought they should leave it to say any nuisance violation would be considered a strike. Goebel asked how the CSO would know about unlicensed construction. Tokos explained the city contacted the CSO to coordinate with them. The policy rational to support this provision was that when someone has a license to operate in Newport they had an obligation to comply with all of the city's rules if they were going to have an operationally cooperative vacation rental in the City of Newport. Goebel asked if someone could construct structures in Newport without permits. Tokos confirmed they ran into this from time to time. He asked the Work Group if they thought the language on the civil infractions was appropriate. The Work Group was in general agreement with it.

Tokos reviewed the changes to Chapter 14.25.030(A) concerning the density approval standards. He noted that the Planning Commission was in general agreement with these changes. One Commissioner asked what would happen if the Commission wanted to initiate some revisions to the STR land use regulations. Tokos explained that this would be brought to the Council with the recommendations from this Work Group. If the Council wanted to move forward with the revisions, they would then initiate the process and refer it to the Planning Commission to start the public hearings process on Chapter 14. Tokos noted the changes eliminated the option to adjust the cap number of STR licenses up to a 200

maximum and keep it at 176. Goebel asked if this meant they would be amending an ordinance. Tokos confirmed it did. Nebel explained that currently the Council could change the number to anything up to 200 and it would be done by resolution. With the number being fixed at 176 it would have to go through a land use process with the Planning Commission and then to the City Council. Tokos pointed out that this would mean any change to the 176 would need to go through hearings with both the Planning Commission and the City Council. Roumagoux liked the hard number of 176. Goebel asked if the next move was to send it to the City Council. Tokos confirmed it was and then the Council would determine if they wanted to, with a majority vote, initiate the legislative process. It would then go to Planning Commission. The Work Group was in general agreement that they were comfortable with the packet changes.

Jacobi brought up her past concern on the lack of a stop sign at 15th Street and Oceanview Drive. She said it was still a problem. STR renters in the area were going up the street the wrong way and she was looking to get this resolved. Jacobi asked for a letter be sent to the STR owners in the area to remind their renters on the continued problem. She thanked Folmar for his work and said he was doing a good job.

- D. Renewal of GovOS, Inc. (Formerly MUNIRevs) Contract.** Tokos reviewed the memo on the GovOS renewal. He noted the cease and desist letter was for a complaint that the property was being advertised an unlicensed STR. CSO Folmar was already addressing this before they could report it. Goebel asked how well the LodgingRevs was doing to identify unlicensed rentals. Folmar thought they did a good job identifying them. He also thought LodgingRevs was doing a good job of contacting the local contacts when complaints came in. Nebel asked if the owners were being contacted as well as the local contact. Folmar wasn't sure. He reported that the complaints submitted online were left for the CSO's to address. LodgingRevs would document these and attach them to the complaints. Tokos reported that he hadn't heard any concerns about the hotline or the online forms since they made the changes.

Jacobi asked if everything listed on page 9 of the agreement was being used. Tokos confirmed they were except for the auditing. This was because until the city automated the room tax collections they couldn't utilize it. Jacobi asked how long it would take to do this. Nebel noted that the Finance Department was shorthanded and it would take a little while. Jacobi questioned if the city wanted to keep paying for this portion when they weren't using it. Nebel thought they should because they hoped to get to the point where they were using it. They had to work through some staffing issues with Finance. Baugher pointed out they would need to work through some ordinance work first before they could do this. Goebel asked how they were recording room tax collections currently. Nebel explained they filled out a form for room taxes and sent them directly to the city. They also currently had to fill out a city form and a state form. Under the state collection they could do it under one form and the State would collect the money. The State would then would turn over the city's share to us, minus whatever the cost per collection was. Nebel pointed out that currently Airbnb was submitting a check to the city on room tax payments and they weren't required to write down which units they were paying for. He didn't know how to bridge that issue with this audit function. Tokos thought the State was working through this to get Airbnb to report individual units, and was something to discuss with the State. Nebel thought they should press the discussion on the cost of auditing before signing the contract. Goebel asked if the city got increased revenue going through the State, or if the State took a cut meaning the city dropped revenue. Nebel reported the city got the revenues minus the administrative fees. He noted it was hard for the City to do a complete job on this with the current staffing. The question was whether or not the State had a more thorough way to assure collections and assure things were getting audited properly. Nebel noted that the State collected the city's marijuana tax and gas taxes already. Tokos explained there was a termination without cause provision with LodgingRevs. This meant we could at any point in time say we no longer wanted the audit remittance tool and the cost of that would go away. Tokos thought they

might want to consider adding this as a reporting item for the next STR meeting. Goebel questioned if it was necessary when the funds that were collected were less than what the city paid for the service. Nebel thought the idea was a good one. They planned to have a report for the Work Group on both state collection of money and with LodgingRevs on the audit component to really understand what that would do for us. A discussion ensued regarding how LodgingRevs estimated the amount of room tax payments that should be submitted, and how hard it was to know the specifics on the room tax payments that were being paid for units submitting payments through Airbnb.

Tokos pointed out that the September meeting would be when the Work Group would make a recommendation to the City Council. He asked what the Work Group wanted to convey to the Council concerning code changes or other specific things. Tokos noted they could say the Work Group has monitored the implementation and was giving them the aggregate set of minutes. They would confirm that from the quarterly meetings things seemed to be operating reasonably well. Then they could give a set of refinements that the Work Group believed needed to be considered. The Work Group was in general agreement with this. Tokos would kick out an email to the Work Group to say that the next meeting in September would be a big meeting because they would be making the recommendation to the Council. Nebel thought a lot of the work on the STR implementation had been done and they had resolved any issues with STRs. He felt they dealt with the concerns that had been raised. Nebel noted that one of the things they were concerned about was what the number of STR licenses should be going forward. He thought they had a good balance of preserving housing and having a place for vacation rentals. Jacobi asked that a breakdown of what the collected room taxes for STRs was for the last year be provided.

5. **Public Comment.** None were heard.
6. **Adjournment.** The meeting adjourned at 4:02 p.m.

Respectfully submitted,



Sherri Marineau
Sherri Marineau
Executive Assistant