

MINUTES
City of Newport
Short-Term Rental Implementation Work Group Meeting
City Hall, Council Chambers by Video Meeting
Tuesday, September 14, 2021

Work Group Members Present by Video: Spencer Nebel, Bill Branigan, Dietmar Goebel, Sandra Roumagoux, and Jamie Michel.

Work Group Members Absent: Cynthia Jacobi, and John Rogers.

City Staff Present by Video: Community Development Director (CDD), Derrick Tokos; Police Chief, Jason Malloy; Community Service Officer, Jim Folmar; Finance Director, Michael Murzynsky; and Executive Assistant, Sherri Marineau.

1. **Call to Order.** The meeting was called to order at 1:07 p.m.
2. **Approval of Minutes.** Motion was made by Jamie Michel, seconded by Bill Branigan, to approve the May 7, 2021 Short-Term Rental Implementation Work Group meeting minutes with one minor correction. The motion carried unanimously in a voice vote.
3. **Public Comment.** None were heard.
4. **Committee Discussion Items.**
 - A. **Online Payment of Business License and Room Tax Assessments.** Murzynsky gave an update on the online payment system explaining that the City would be implementing a new invoice cloud and water smart payment system. They were testing taking online payments for the court system first. Once this was done, the thought was to possibly do room tax payments this year and business license payments next year. Room taxes collections would be shifted eventually to the State, similar to how gas taxes were collected. Murzynsky thought that the online system would be active on October 1st. They possibly would also do room taxes at that time.

Tokos reminded that Airbnb paid group room tax payments for their rentals, and the City wasn't currently able to see the taxes that were being paid for individual units. If the State did the collections, we would be able to do individual unit audits. Roumagoux asked if there was any timeline from the State to do this. Murzynsky explained this was on his schedule of current activities, but they might have to change licensing requirements at that time. He reported that he didn't know of anyone who had gone with the State to do room tax collections yet. Nebel reported that Depoe Bay was changing their Ordinance to go with State collections.

Michel asked to add a discussion on the renewal application process to the agenda. Tokos added the discussion at that time. Michel reported that the Short-Term Rental (STR) community had been reported to her that when it was time to renew their licenses, the process was like starting out with a fresh license. They felt the procedure was antiquated and they were being asked to fill out similar packets every year for renewals. Michel reported that the community wanted to see if the City could streamline the renewal process. Tokos reported that he hoped that shifting to an online process would address this. He explained that STR operators weren't always punctual about updating the City on changes for their rentals. An online process could allow them to confirm this information instead.

- B. **Update on Licensed Short-Term Rentals, Cap, and Waitlist.** Tokos reviewed the current lists of active and inactive STR licenses. Nebel asked if someone didn't take the spot offered to them on the waitlist, did they keep the spot or go to bottom of the list. Tokos reported they went to the bottom of the list. He explained that staff would keep the Work Group informed on the matter as the waitlist grew. The City Council could adjust the number of licenses up to 200 by resolution. Anything over this number would need to be by done by ordinance.

Branigan asked if the Council increased the number of licenses, would the licenses be inside the permitted zone. Tokos confirmed the properties would only be in the permissible overlay zone.

- C. **Short-Term Rental Enforcement Update.** Folmar reviewed his memo and the number of complaints. Nebel asked if they provided a response back to each person who submitted a complaint. Folmar explained that when they had contact information for the complainant they would respond to them. They would then try to get more details from the complainant so they could move forward with enforcement. Folmar noted that quite a few of the complainants never replied to him when he contacted them to get more details on the complaint. Nebel asked how he responded to complainants. Folmar explained that he liked to do emails if the person provided it. This helped make sure there was no miscommunication. If there was no email, he would contact them by phone. Nebel asked if the system allowed people to list their emails and phone numbers. Folmar confirmed it did.

Michel asked that when they referred to these types of contacts that they not refer to them as complaints. She wanted to make sure they were keeping track of true complaints and that others contacts weren't confounded with them. Folmar noted that LodgingRevs required them to list these as complaints. Tokos reported that the online forms were referenced as an incident reports, not a complaint hotline. The back end for LodgingRevs needed to be listed as complaints. Michel just wanted what the group was saying on the record so they could look back and see the contacts weren't problematic.

Tokos reported that he received an email from Councilor Parker who asked why the property on 1330 NW Spring Street, who had 17 incidents filed that were reported by two individuals, wasn't picked up on the enforcement report. Tokos reported that there hadn't been an online submittal or hotline contact made for the property since September of 2020. He asked Folmar how he was handling incidents that were submitted outside of the submittal form or hotline. Folmar reported that he hadn't received any in the last three months and when he did he usually tried to create a catch screen to do a dispatch for an ordinance violation and pursue it from there to see if there was any basis on the incident being reported. He looked at the listing for the Accessory Dwelling Unit (ADU) at the Spring Street property and noted that it could only be booked as a long term rental stay. Folmar noted that there was no way to track if someone rented a property for a month but left early. It was unclear how this affected the STR use. Tokos asked if Folmar ever received inquiries outside of the system and how they were tracked. Folmar reported this happened more frequently when they first started with LodgingRevs. They would handle these just like any other complaints by saving emails and creating catch screens to track them. Folmar explained that he hadn't received an incident report for the last six months. Nebel asked if incidents received outside of the system could be lodged in the LodgingRevs system. Folmar didn't know, but would look into it. Nebel thought they needed to keep every reported incident together to keep them tracked.

Goebel asked how they were keeping track of how the ADU on the back of the Spring Street location was being rented. He also asked if there were any additional steps to control if someone said they were renting a property for 30 days and they sub-rented it to someone else or family members. Nebel reported that the ADU at the Spring Street location was being advertised for no less than 30 days. The question was if someone stayed less than 30 days there, would there be room tax implications. Goebel noted there had been City Council testimony about people coming and going a lot of times at this property and asked how they could handle this. Nebel noted it was tricky, based on the information the City had. They needed an internal discussion on how to handle this. Folmar noted it would be difficult to prove. He thought they could brainstorm a way to get a little more information to try and track this. Tokos asked when the last inquiry had been made for the Spring Street property. Folmar report this was about a year before and there was nothing further after that. Tokos noted that if someone was just ~~engaging a City Councilor and that was as far as it went, the City wouldn't have information about it.~~ Nebel thought this was something to discuss internally to know how to handle the situation and see if there was a better way to address it and understand what was going on. Goebel noted it seemed like this property came up at each Work Group meeting and needed to be addressed. Tokos reported there was a small number of problematic STRs and the bulk of the incidents that were being submitted were by a small number of people related to a small number of properties.

Michel explained that her program only handled rentals for 29 days or under. She witnessed multiple owners buying single properties and going underground with their rentals. Michel thought the industry was blamed for

people who were using second homes without following the rules. When multiple owners did this, they didn't have to follow any of the rules that STRs had, such as parking requirements. Michel noted that people would use the homes as they saw fit, and there wouldn't be any transient revenues or rules or regulations for them. She thought this was why they should come up with good neighbor policies and determine how to regulate them. Tokos noted that this type of configuration wasn't allowed to go through Airbnb to offer owner's unused time to renters.

Malloy noted that the Spring Street property hadn't had any complaints in over a year. When there were complaints at this location, they found that there had been a family who rented it in a given month and they rotated family members to stay there over the month. This was difficult to prove that it wasn't one rental agreement because it was still one rental check. The City couldn't control who they had at the house. Nebel noted that this was still an issue with the neighboring property owners and there still was unhappiness in the mechanism of enforcements. He met with the neighboring property owners on this and would share the details with the Work Group as well.

Goebel asked if they gave a report on how much fallout of licensed rentals there had been outside of the approved overlay area in the City. Tokos reported there was currently only 38 STRs outside of the overlay.

Tokos noted they would double back on the issue to make sure that whenever anyone was aware that an incident was reported, that these get included in our reporting. He asked Councilor Goebel to encourage the City Council to ask anyone raising issue with them on STRs to use the system to report.

Tokos reported that LodgingRevs had been purchased by GovOS. They had enhancements that Tokos asked the Work Group to consider. There was an option to do an automated complaint response email that confirm they had received their complaint, and another option to send something similar for the complaint resolution. Tokos asked if the Work Group saw value in doing these. He thought it seemed like a response from a Community Service Officer had been working, but asked if the second option was more valuable. Nebel wasn't sure that everyone felt like they knew when the incidents had been closed out, and asked Folmar if he notified people when the incidents were closed out. Folmar reported that for incidents that weren't complaints, such as someone being locked out, he would close them out and didn't contact them. For the ones that were still open or under review, Folmar would set reminders to contact the complainant to say it was still under review and that they were working on trying to get a resolution. He didn't see the value in contacting the complainant to say something wasn't a violation and they were closing it. Nebel asked if the complainants were notified when the report was closed out. Folmar believed that of the ones that were under review and closed, he had sent emails on what the resolution was.

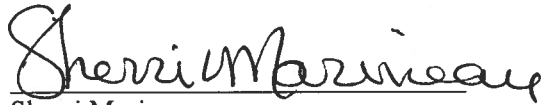
Roumagoux asked if these two options would make the job easier. Nebel noted he had heard that after making a complaint, people weren't sure the complaint went through. He thought that a confirmation that filing the complaint happened would be a good thing. Roumagoux agreed and thought it would be similar to what doctor's offices did to confirm appointments. Folmar noted that the City had yet to have a normal summer season since they implemented the LodgingRevs. He thought it would be beneficial to have these in place now to make it easier for the next summer when there would be a more normal uptick in issues. Tokos noted these notifications weren't an incredible amount of work and all they needed to do was come up with some verbiage to use for both types of confirmation emails. He didn't know if the feature would give the nature of how an incident was resolved. Nebel thought people wanted closure and see that incidents had been resolved. Tokos thought this was fair, but added that people often didn't like the response they got instead of just not getting a response. He would go ahead and get these started. Tokos reported that the hotline recordings were now available to the City.

- D. Implementation of the STR Licensing, Inspection and Enforcement Program.** Tokos reviewed his memorandum about how much staff time it took to work on STRs. He reviewed the time commitment for each department. The biggest impact was on the administrative staff, especially in the renewal period and open license season. Tokos noted that with any permitting program there would be an impact on staff.

Nebel asked how it was going with LodgingRevs identifying unlicensed facilities. Folmar reported they checked twice a week and they would miss a property maybe once every quarter. He reported that they had identified all the properties he sent cease and desist letters to. Folmar felt the system had been an effective tool.

5. **Future Meeting Schedule.** No discussion was heard.
6. **Public Comment.** None were heard.
7. **Adjournment.** The meeting adjourned at 2:10 p.m.

Respectfully submitted,



Sherri Marineau
Executive Assistant