

## CHAPTER 14.25 SHORT-TERM RENTAL LAND USE REGULATIONS

### 14.25.005 Purpose

This chapter establishes criteria by which short-term rental uses may be permitted in order to ensure the safety and convenience of renters, owners, and neighboring property owners; protect the character of residential neighborhoods; protect the City's supply of needed housing; and address potential negative effects such as excessive noise, overcrowding, illegal parking, and nuisances (e.g. accumulation of refuse, light pollution, etc.).

It is the intent of these regulations to strike a reasonable balance between the need to limit short-term rental options within neighborhoods to ensure compatibility, while also recognizing the benefits of short-term rentals in providing recreation and employment opportunities, as well as transitional housing for tourists, employees of businesses, and others who are in need of housing for a limited duration.

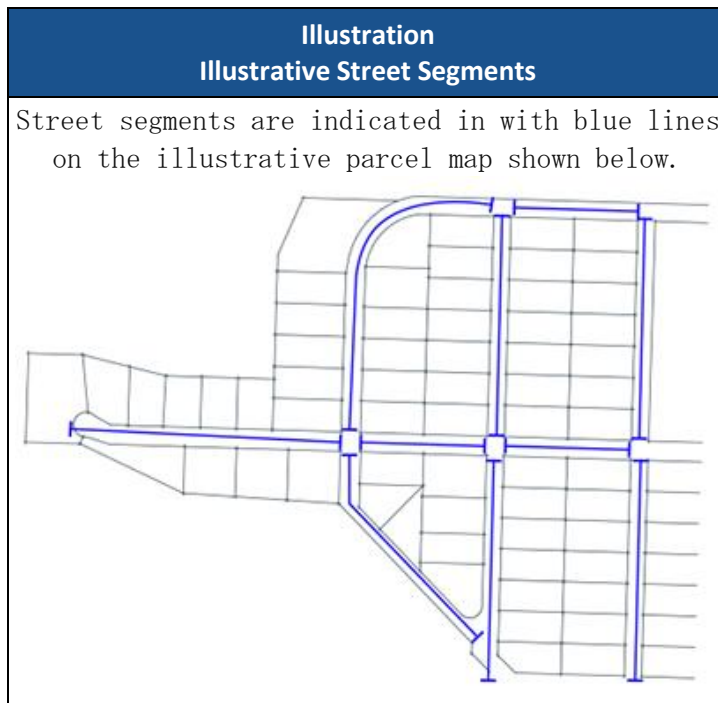
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(Staff note: the following definitions will be added to, or will update terms defined in Chapter 14.01. They are included here for reference.)

### 14.01.010 Definitions

The following definitions apply in this chapter.

- A. Authorized Agent. A property management company or other entity or person who has been designated by the owner to act on their behalf. An authorized agent may or may not be the designated point of contact for complaints.
- B. Bed and Breakfast Facility. ~~An owner-occupied, single-family dwelling where~~ A short-term rental where the operator resides on the premises and meals are provided for a fee, ~~not to exceed 30 consecutive days.~~
- C. Bedroom. A habitable room that (a) is intended to be used primarily for sleeping purposes; (b) contains at least 70-square feet; and (c) is configured so as to take the need for a fire exit into account.
- D. Dwelling Unit. A single unit providing complete independent living facilities for one or more persons, including permanent provisions for living, sleeping, eating, cooking and sanitation.

- E. Home share. A short-term rental, other than a Bed and Breakfast Facility, where a portion of a dwelling unit is rented while the homeowner is present. For the purposes of this definition, “present” means the homeowner is staying in the dwelling overnight for the duration of the rental.
- F. Owner. Means the natural person(s) or legal entity that owns and holds legal or equitable title to the property.
- G. Short-Term Rental. A dwelling unit, or portion thereof, that is rented to any person ~~on a day to day basis or~~ for a period of less than thirty (30) consecutive nights.
- H. Street Segment. A portion of a local or collector street which is located between two intersections, or between an intersection and the end of a cul-de-sac or dead-end. *See Illustration: Illustrative Street Segments, below.*



- ~~I. Transfer. Means the addition or substitution of owners not included on the original business license endorsement application, whether or not there is consideration. If multiple owners exist on a license, individual owners may be removed from the license without constituting a transfer.~~
- J. Vacation Rental. A short-term rental, ~~other than a Bed and Breakfast Facility~~, where the entire dwelling unit is rented ~~for a period of less than thirty (30) consecutive days~~.

*Commission: At this time a majority of the members do not support transferability of business license endorsements; therefore, a definition for this term is being deleted. The definitions for short-term rental, vacation rental, and home share have been revised to ensure terminology is consistent. The substance of these definitions is the same.*

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#### 14.25.010 Approval Authority

- A. Upon receipt of a request by an owner or authorized agent to complete a land use compatibility statement for a short-term rental the Community Development Director, or designee, shall determine if the request satisfies the standards of section 14.25.030. If the request satisfies the standards, then the Director shall sign the statement confirming that short-term rental is a permitted use. Such action is ministerial and, as a non-discretionary act, is not subject to appeal.
- B. In the event that the Community Development Director or designee, determines that an application does not meet one or more of the standards of section 14.25.030, then the land use compatibility statement shall not be signed.
- C. If one or more of the standards under section 14.25.030 cannot be met, an owner may seek relief from those standards through a conditional use permitting process, pursuant to section 14.34.010. Such an application is subject to review by the Planning Commission via a Type III decision making process, consistent with section 14.52.010, and is to be limited in scope to those standards that cannot be satisfied.
- D. A Conditional Use Permit may authorize more than one building for vacation rental use on street segments where ten or more lots ~~or parcels~~ front the street. In such cases, no more than one ~~vacation rental building~~ may be permitted for vacation rental use for every five lots ~~or parcels~~ fronting the street.
- E. An approved Conditional Use Permit that grants relief from, or provides alternative requirements to, one or more of the standards of section 14.25.030 shall serve as evidence that standards have been satisfied so that the Director can sign the land use compatibility statement.

*Commission: Language setting out an option for conditional use permit to authorize additional vacation rental use on long street segments has been modified to align with the new spacing requirement language in NMC 14.25.030.*

14.25.015 Submittal Requirements

Land use compatibility statements shall be submitted on a form provided by the Community Development Department, and shall include the following:

- A. Site plan, drawn to scale, showing the dimensions, property lines, existing buildings, landscaped area, and off-street parking locations.
- B. Floorplan of the dwelling unit that identifies the rooms dedicated to short-term rental use.
- C. If the dwelling unit is within a residential zone, a calculation of the percentage of front yard and total lot area maintained in landscaping.
- D. If the dwelling unit relies upon shared parking areas, a copy of a covenant or other binding legal instrument detailing unit owner rights and responsibilities related to the parking areas.

14.25.020 Establishment of a Vacation Rental Overlay Zone

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(Staff note: this subsection is only required if one of the four map alternatives, or a variation of one of the maps, is selected as the basis of an overlay. It will be removed if policy makers decide that an overlay is not needed.)  
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A Vacation Rental Overlay Zone is hereby established to identify areas within the city limits where vacation rentals are have been identified as compatible uses and, by exclusion from the overlay, areas where they vacation rentals are prohibited in order to protect the City’s supply of needed housing and character of residential neighborhoods. The sole purpose of the Vacation Rental Overlay Zone is to identify where vacation rentals are permitted uses and does not alleviate a vacation rental from having to satisfy requirements that are otherwise applicable under the Newport Municipal Code.

The Vacation Rental Overlay Zone shall be indicated on the Zoning Map of the City of Newport with the letters VROZ and is the area described as follows:

Real property lying within the corporate limits of the City of Newport beginning at the southwest corner of the intersection of NW 12<sup>th</sup> Street and US 101; thence west along the south line of NW 12<sup>th</sup> Street to the statutory beach line of the Pacific Ocean; thence southerly along the statutory beach line of the Pacific

Ocean to the north line of SW 95<sup>th</sup> Street; thence east along the north line of SW 95<sup>th</sup> Street to its intersection with US 101; thence south along the west line of US 101 to a point opposite the south line of SE 98<sup>th</sup> Street; thence east across US 101 to the southeast corner of the intersection of US 101 and SE 98<sup>th</sup> Street, such point being coterminous with the Wolf Tree Destination Resort Site incorporated into the Newport Urban Growth Boundary pursuant to City of Newport Ordinance No. 1520; thence southerly, easterly, northerly, and westerly around the perimeter of the Wolf Tree Destination Resort Site to a point at the northeast corner of the intersection of SE 98<sup>th</sup> Street and US 101; thence north along the east line of US 101 to its intersection with SW Naterlin Drive; thence north and east along the south line of SW Naterlin Drive to SW Bay Street; thence south and east along the south line of SW Bay Street to the Mean Higher High Water(MHHW) line of Yaquina Bay; thence easterly and northerly along the MHHW line to its intersection with the Newport Urban Growth Boundary; thence northerly along the Urban Growth Boundary line to the south line of the Yaquina Bay Road; thence west along the south line of the Yaquina Bay Road to the point where it transitions into SE Bay Boulevard; thence west along the south line of SE Bay Boulevard to SE Moore Drive; thence north and west along the east line of SE More Drive to US 20; thence west along the south line of US 20 to the west line of SE Grant Street; thence north across US 20 to the west line of NE Grant Street; thence north along the west line of NE Grant Street to NE 1<sup>st</sup> Street; thence west along the north line of NE 1<sup>st</sup> Street to US 101; thence north along the east line of US 101 to the north line of NE 12<sup>th</sup> Street; thence west across US 101 to the point of beginning.

*Commission: A majority of the Commission members favor map alternative #3, which limits vacation rentals to areas in close proximity to tourist commercial uses. The perimeter of the overlay, described above, identifies areas within the city where vacation rentals will continue to be permitted. It is a refined version of the area shown in blue in a manner consistent with the map alternative. New vacation rentals will be prohibited, and existing vacation rentals phased out, on land within the city that is outside of the overlay.*

*Members in support of this map alternative are of the view that vacation rentals, where entire units are rented on a transient basis, are commercial enterprises that are incompatible with, and adversely impact the character of, residential neighborhoods that are not proximate to tourist commercial areas. They do not view home shares or bed & breakfast facilities the same way because a permanent resident is on the premises to monitor guests.*

*A minority of the Commission members are of the opinion that none of the map alternatives should be adopted. They do not view vacation rentals as inherently incompatible in residential neighborhoods, preferring instead to address concerns related to the operation of vacation rentals with enhanced enforcement.*

*At the December 10, 2018 public hearing a majority of the Commission members had narrowed their preference to map alternative #3 or #4. After reflecting upon additional testimony and feedback from staff, members settled upon alternative #3 as their preference, viewing it as the alternative most in line with the stated purpose of the regulations. This is both in terms of protecting the character of residential neighborhoods and the City's supply of needed housing.*

14.25.025 Allowed Locations

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POLICY ALTERNATIVES  
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*A.1.a. Home share and Bed & Breakfast Facility use of a dwelling unit is permitted in all residential and commercial zone districts.*

*and*

*A.1.b. Vacation rental use of a dwelling unit is permitted ~~in these areas where they are identified as allowed uses on~~ within the Vacation Rental Overlay MapZone (Select Map Alternative).*

*or*

*A.2. Short-term rental use of a dwelling unit is permitted in all residential and commercial zone districts.*

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*Commission: For the reasons noted above, a majority of the members prefer Alternative A. 1. Unlike a vacation rental, a home share or bed & breakfast facility has a permanent resident onsite, which a majority of the members see as more compatible in a residential setting. The vacation rental overlay map will limit vacation rentals to the areas where they are identified as permitted on map alternative #3.*

14.25.030 Approval Standards

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POLICY ALTERNATIVES  
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~~A.1. *Density.* The total number of vacation rentals shall be capped at level not to exceed five (5) percent of the dwelling units within the city. A specific cap number shall be established by City Council resolution.~~

~~or~~

~~A.2. *Density.* The total number of vacation rentals shall be capped at level not to exceed four (4) percent of the dwelling units within the city. A specific cap number shall be established by City Council resolution.~~

~~or~~

~~A.3. *Density.* The total number of vacation rentals shall be capped at level not to exceed three (3) percent of the dwelling units within the city. A specific cap number shall be established by City Council resolution.~~

(Staff Note: The density limit alternatives are specific to vacation rentals and would not apply to home shares or bed and breakfast facilities. The Ad-hoc work group discussed establishing a hard cap between 200 and 300, which is roughly 4- 5% of the City's housing stock. This option allows the Council to specify the specific number and adjust it from time to time as additional housing units are constructed. At its 10/22/18 work session, the Planning Commission put forth a third option of 3%, which is about 165 units or 80% of the number of short-term rentals currently licensed in the city. Alternative approaches include adjusting the percentage, applying the cap to specific geographic areas, or not imposing a density limit.)

*Commission: A majority of the members believe that a zoning overlay restricting vacation rentals to areas close to tourist commercial venues, coupled with spacing standards to disperse rentals in these areas, will serve as a de facto limit on the total number of vacation rentals that can be licensed. They see this as a way of addressing concerns that longer tenancy residential uses will be pushed out of the "permitted areas" while also avoiding the administrative complexities inherent to the license "cap" concept. Given the above, the Commission is not recommending that density limits be adopted.*

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POLICY ALTERNATIVES  
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*B.1. Spacing. In the R-1 and R-2 zones, not more than one vacation rental shall be located on a parcel or lot that abuts a street segment. For corner lots, this standard applies to both street segments that abut that corner lot and only one vacation rental is permitted on the corner lots that abut the intersection.*

*or*

*~~B.2. Spacing. In the R-1 and R-2 zones, not more than one vacation rental shall be located on a parcel or lot. Vacation rental use shall be limited to a single building on a lot, or group of lots, that abuts a street segment. All dwelling units contained within the building are eligible for vacation rental use. For buildings on corner lots, this standard applies to both street segments, that abut that corner lot and only one vacation rental is permitted on the corner lots that abut the intersection. In R-3 and R-4 zones, where both sides of the street segment are zoned for residential use, the same standards apply as those specified for R-1 and R-2 zones with the exception being that one multi-family dwelling or single dwelling is permitted per street segment.~~*

*Commission: A majority of the Commission members support this modified version of Alternative B.2., designed to disperse vacation rentals within mixed density areas. It applies to all commercial and residential areas within the overlay where vacation rentals are permitted. A "building" includes detached single family homes, attached single family homes (e.g. townhomes), and multi-family dwellings.*

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POLICY ALTERNATIVES  
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*C.1. Occupancy. Maximum occupancy for a short-term rental shall be two (2) persons per bedroom, plus two additional persons per property.*

*or*

*C.2. Occupancy. Maximum occupancy for a short-term rental shall be two (2) persons per bedroom, excluding children under three (3) years of age.*

*or*



*C.3. Occupancy. Maximum occupancy for a short-term rental shall be two (2) persons per bedroom.*

*Commission: A majority of the members believe that C.1. is appropriate, in light of the fact that this standard is now the maximum occupancy of the unit at any time, as opposed to just maximum overnight occupancy. Many of the concerns raised by the public regarding occupancy were related to potential nuisance impacts attributed to large parties, which would exceed the occupancy allowance under C.1.*

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D. Guestroom Limitations. The following limitations apply to the number of bedrooms within a dwelling unit that may be occupied by guests staying at a short-term rental.

1. Vacation Rentals and Bed and Breakfast Facilities. A maximum of five (5) guest bedrooms.
2. Home shares. A maximum of two (2) bedrooms.

*Commission: A five bedroom limitation has been added for Bed and Breakfast facilities to ensure that the mass of the buildings is not out of character in residential areas.*

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POLICY ALTERNATIVES  
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*E.1. Parking Standards. One (1) off-street parking space per bedroom that is dedicated to short-term rental use. Parking spaces shall comply with the dimensional standards of subsection 14.14.090(A). Off-street parking on driveways that extend into underdeveloped rights-of-way may be used to satisfy this requirement provided a stipulation is placed on the endorsement that the authorization may be revoked if the street is improved and driveway shortened.*

*or*

*E.2. Parking Standards. One (1) off-street parking space per bedroom that is dedicated to short-term rental use, unless the dwelling unit is within a parking district as defined in section 14.14.100, in which case on-street parking may be used to meet the one (1) space per bedroom requirement provided the parking is allocated in accordance with the requirements of the parking district. Parking spaces shall comply with the dimensional standards of subsection 14.14.090(A). Off-street parking on driveways that extend into underdeveloped rights-of-way may be used to satisfy this requirement provided a stipulation is placed on the endorsement that the authorization may be revoked if the street is improved and driveway shortened.*

*Commission: The members are in general agreement that alternative E.2 is the appropriate standard. The City has established a handful of parking districts where it provides public parking in lieu of requiring businesses construct off-street parking. In such cases, vacation rentals should have a right to use on-street spaces in the same manner as other commercial uses.*

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F. Shared Access. Short-term rentals that rely upon use of shared access and parking areas may only be permitted if a covenant or other binding legal instrument establishes that the owner of the unit maintains exclusive use of the required parking space(s).

G. Landscaping. For short-term rentals situated on individual lots or parcels in residential zones, at least 50% of the front yard and 40% of the total area shall be landscaped. No more than 50% of the front yard landscaping may be impervious surfaces, such as patios and decks. Driveway and parking areas shall not satisfy any portion of these landscaping requirements.

14.25.035 Non-Conforming Short-Term Rentals

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POLICY ALTERNATIVES  
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A.1. ~~*The For bed and breakfast facilities and home shares, the non-conforming use provisions of NMC Chapter 14.32 shall apply to all short-term rentals dwelling units that received endorsements licensed by the city prior to the effective date of this ordinance.*~~

or

A.2. *The non-conforming use provisions of NMC Chapter 14.32 shall apply to all short-term rentals licensed prior to the effective date of this ordinance for a period of five (5) years, after which dwelling units shall comply with all applicable provisions of this chapter, except the spacing requirements of subsection 14.25.030(B).*

or

~~A.3. *The For vacation rentals, the non-conforming use provisions of NMC Chapter 14.32 shall apply to all short-term rentals-dwelling units licensed by the city prior to the effective date of this ordinance for a period of five (5) years, after which the dwelling units shall comply with all applicable provisions of this chapter, except: In cases where there are two or more vacation rentals along a street segment, the vacation rental with the oldest endorsement date shall be acknowledged as satisfying the spacing requirement of subsection 14.25.030(B).*~~

*A.3.1. Vacation rentals in areas where the Vacation Rental Overlay Zone identifies vacation rental use as permissible. Such non-conforming vacation rentals may continue pursuant to the provisions of NMC Chapter 14.32.*

*Commission: A majority of the members are inclined to support these modified versions of Alternatives A.1. and A.3. Bed and breakfast facilities and home shares licensed under prior rules, that do not meet all of the provisions of this chapter, will become non-conforming. They would be allowed to continue as long as the use is not discontinued for a period of one year (12 continuance months). The same non-conforming use allowance applies to existing vacation rentals in areas where they will continue to be permitted. Non-conforming uses that are discontinued may only be reestablished if they meet current rules.*

*Vacation rental dwellings in areas where they will no longer be permitted will be phased out over a period of five (5) years to allow those operators a reasonable return on their investment.*