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To: Newport City Council

From: Short-Term Rental Ordinance Implementation Work Group

Date: September 30, 2022

RE: Final Report of the Short-Term Rental Ordinance Implementation Work Group

Dear Council Members,

With Resolution No. 3857, you established our Short-Term Rental Ordinance Implementation Work Group (hereafter “Work Group”) to collect and evaluate information related to the implementation of the short-term rental regulations enacted with Ordinance No. 2144. You further tasked the Work Group with summarizing its observations as to the effectiveness of Ordinance No. 2144 in achieving policy objectives, including whether or not the ordinance should be revised or its implementation improved, and to provide periodic status reports to the Planning Commission and City Council.

Our Work Group met on a quarterly basis from August of 2019 through September of 2022, coordinating with staff, taking testimony from the public, and providing periodic reports to the Commission and Council. Over that period of time, it has become evident that Ordinance No. 2144 has, for the most part, achieved the desired policy objectives. It has provided a clear and understandable administrative framework for licensing the annual operation of short-term rentals that ensures the safety and convenience of renters, owners, and neighboring property owners; protects the character of residential neighborhoods; preserves the City’s supply of needed housing; and addresses potential negative effects such as noise, overcrowding, illegal parking, and nuisances. Further, it has struck a reasonable balance between the need to limit short-term rental operations 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 in need of housing for a limited duration.

While Ordinance No. 2144 has had its desired effect, there are steps the City can take to improve its implementation. This includes the following, in no particular order of priority:

- Automating the annual renewal process for business license endorsements and payment of transient room taxes.
- Implementing an auditing program for payment of transient room taxes.
- Filling the code enforcement position authorized in the FY 22/23 budget so that code enforcement staff will be available to respond to incidents on weekends.
- Coordinating with the Municipal Court to identify steps that can be taken to adjudicate citations in a timely manner.


Additionally, we have identified a few areas where Ordinance No. 2144 could be amended to improve its overall functionality and effectiveness. They include the following:

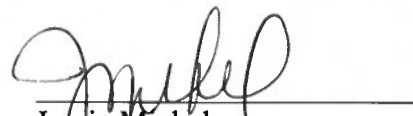
- Establishing a grace period for individuals or entities that purchase vacation rental properties in areas where they can immediately begin to use them for vacation rental purposes, so they can rent the property while working through the process to obtain a license.
- Codifying the process the City is using to administer the waiting list for the issuance of short-term rental business license endorsements.
- Tightening up code violation language by noting that any act occurring on real property that results in a civil infraction, be it related to the short-term rental or not, is a “strike” against the owner’s short-term rental endorsement.
- Eliminating the option in the ordinance that allows the City Council to adjust the cap on the number of available vacation rental licenses by resolution. The current language allows the license limit to be increased or reduced by resolution provided it does not exceed a maximum of 200 dwelling units. The proposed language sets a hard cap by ordinance at 176 licenses.

The details of each of these changes are included in draft Ordinance No. 2202, included as an attachment to this letter. Some work may be needed to clarify rules related to short-term rental trash management. This is an issue that can be more thoroughly evaluated should the City Council initiate the legislative adoption process. One final recommendation that we would offer the Council is that it should consider asking staff to provide periodic reports on how the City’s short-term rental regulations are working so that it can stay informed and make changes, as needed, moving forward. An annual report in the fall would make sense as that would be after the annual license renewal process wraps up and is well in advance of the next summer season should there be a need to adjust the requirements.

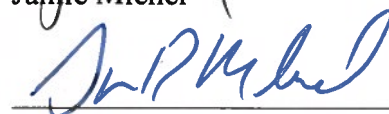
Impacts and issues involving short-term rentals will continue to be a topic of discussion in the community and there will be challenges ahead as industry, technology, visitor preferences, and neighborhood dynamics evolve and change. The City will need to keep pace, and these recommendations are one step in that direction. Thank you for your time and consideration.

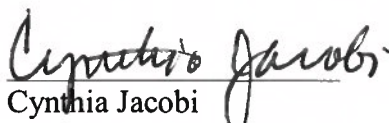
Sincerely,

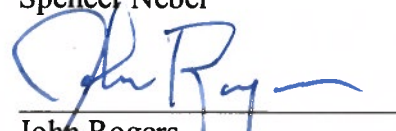

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