

MINUTES
City of Newport
Short-Term Rental Implementation Work Group Meeting
City Hall, Council Chambers
Wednesday, April 27, 2022

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

Work Group Members Absent: Jamie Michel (*excused*).

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

Public Members Present: Steve Lovas, and Sonja Lovas.

1. **Call to Order.** The meeting was called to order at 1:01 p.m.
2. **Public Comment.** None were heard.
3. **Approval of Minutes.** Motion was made by Bill Branigan, seconded by Cynthia Jacobi, to approve the January 18, 2022 Short-Term Rental Implementation Work Group meeting minutes with minor corrections. The motion carried unanimously in a voice vote.
4. **Discussion Items.**

- A. **Update on Licensed Short-Term Rentals, Cap and Waitlist.** Tokos reviewed the Short-Term Rental (STR) lists with the Work Group. Branigan pointed out that the list title should be changed from “overlazy” to overlay.

Jacobi asked when the STR licenses would be transferable. Tokos explained a property would have to be in or adjacent to a commercial or water related zone to be considered transferable. When a transferable property was sold, the new owner would have 12 months to get their own license. Branigan asked if the city could charge for a being on the waitlist. Tokos explained the waitlist didn't take a lot of staff time and it wasn't something they were considering.

- B. **Short-Term Rental Enforcement Update.** Folmar reviewed the enforcement report and the list of complaints that had been submitted since the last Work Group meeting. Steve Lovas asked how many complaints came in on weekends. Folmar reported it was an average of one per weekend.

Rogers noted that when they started they talked about the complaint process. He thought it seemed like the process was working and there was a good process for people to go through. Rogers thought the education was working with management and owners to let guests know what the rules were, which was a positive thing. Folmar agreed and noted the complaints in the past were more about the owners and management not knowing the rules. He felt that if they kept stressing the rules and reinforcing them, it would be good thing. Malloy thought they would find out more about this in the upcoming summer. Newport would be busier then, allowing them to see what would happen. Folmar agreed and thought it will be good to see how it worked in a normal summer outside of the pandemic.

Nebel asked how everything was working with the LodgingRevs system. Folmar explained that LodgingRevs made comments on who they contacted and he saw the notes so he could follow up with the complainant and the owner. There had been an issue with LodgingRevs not having the updated contact in the past, but they had updated this and worked out the issues. Nebel asked if the complainant was getting a response right of way. Folmar confirmed they were. Branigan reported he had lodged a complaint with LodgingRevs and it was a good response.

Jacobi noted the traffic on Oceanview Drive and 15th Street was an issue and reported that people were going the wrong way on a one way street in this area. She was concerned about the intersection. Malloy noted there were environmental issues on the street that caused the signs not to be easily seen.

Steve Lovas asked what percentage of STRs were managed by managers instead of individuals. Folmar reported about 75 percent were managed by management companies. The complaints were across the board. There was typically a faster response from a management company than there were from individuals.

- C. **Outline of Potential Revisions to STR Ordinance to Improve Implementation.** Tokos reviewed the memorandum on the potential revisions to the STR ordinance to improve implementation. He started with the transition period between new owners of licensed STRs. Branigan asked what an appropriate wait period was for a new owner to establish a new license. Tokos thought 30 days was appropriate. Roumagoux agreed with this number. Rogers asked how much time it took to move the new application submissions through the process. Tokos thought around two weeks because of the inspection that needed to be done. Rogers thought it made sense to allow the new owners of a legal rental to be able to rent, and thought it was reasonable to have a grace period. Jacobi agreed.

Tokos reviewed how to codify the waitlist procedures. He reviewed the current process the city was undertaking to process the waitlist. Goebel didn't think it seemed right that when someone decided not to take the offer for a license they had to go to the bottom of the waitlist. He asked if someone wasn't ready for a license would they give the license to the next person on the waitlist. Tokos confirmed they did this and would offer licenses down the waitlist until they exhausted the number of openings for licenses. A discussion ensued regarding what the owners thoughts were when they were offered spaces from the waitlist, and why they chose to accept or decline the offer for a license.

Tokos reviewed the scope of permissible changes to licensed vacation rentals. Roumagoux asked if the Work Group needed to do a motion on this at that meeting. Tokos noted he was just looking for the Work Group's general consensus that these were items that the Work Group would like to see in a draft code update. He noted they would have a chance to see language in the future. Roumagoux voiced that she thought this was a great idea. The Work Group was in general agreement that this was reasonable.

Tokos reviewed the non-license related code violations. There have been circumstances where unpermitted work has occurred on property with a licensed unit, or there has been unpermitted use of a second dwelling on a property containing a vacation rental. These violations are subject to a civil infraction because they are not directly related to operation of the licensed short-term rental. Tokos explained to strengthen the incentive for compliance, the work group might consider adjusting the ordinance to indicate that STR properties must comply with all city ordinances (which would make any violation on the property an STR violation). Malloy reported reports of violations on STR properties that weren't STR violations came up a lot. He thought this would take all of the guess work out of it for the Police Department what was or wasn't a strike for a STR. Rogers asked if the ordinance was enforced to all properties in Newport. Tokos reported that they did, but the discussion at this meeting

was on how they applied to violations for STR licenses. Roumagoux was in favor of both a citation for a violation and a strike for the STR. The Work Group was in general agreement with this as well. A discussion ensued regarding if it would be a strike if someone was utilizing the designated parking spaces for STRs for something other than parking, and if it should become a strike against the STR. Tokos noted it would be considered a strike if the owners were utilizing their parking for a different use other than what they relied on to meet the off-street parking requirements that they agreed to as part of their STR license.

Tokos reviewed the streamlining of the STR license renewal process. He noted they wanted to go to an online process but there was no timeline for when that would happen because it was dependent on work with the Finance Department. Roger thought it was a good idea to streamline the process. The Work Group was in general agreement with this as well. Nebel asked if they would have a different form for renewals than the initial license applications. Tokos confirmed they would and reported he would work with Finance on consolidating the forms.

Tokos reviewed the spacing standards exemption for multiple buildings on a lot/parcel. He noted that the work group might consider allowing more than one building on the same lot to be used as a vacation rental subject to the license cap limitation. Tokos gave an example of a condominium project where there were multiple homes on one lot that had one licensed STR and another building that wanted to become a STR. The homes had a common area under a condominium association. The question was why they couldn't be viewed as one space rather than separate. Goebel asked if the homes were under separate ownership. Tokos confirmed they owned the structures separately but the land was under the common ownership of the ground for a condo association. The current rules limited licenses to a single building on a lot, or group of lots, that abut a street segment. Malloy asked if these changes are made, what would kept people from building an accessory dwelling unit on their property and applying for a STR license for it. Tokos explained the change would make it an option if there was a single family dwelling and an accessory dwelling unit on a property. He reminded that this would be subject to the license cap, so if there were no available licenses they couldn't be licensed. Nebel reminded that spacing was a big issue in the initial STR discussion and thought this might open up a potential can of worms. A discussion ensued regarding how condos were currently licensed as STRs in a single building with multiple condos, and for units that were in separate buildings on a lot. Goebel didn't think it was any different from multi-family. He thought it should just be one unit license available in a condo and one unit license available in a separate dwelling. Goebel could see there being an argument if it was under one ownership, but separate ownership could be sticky. Nebel reminded that they already allowed multiple licenses if they were all in one building. Jacobi asked if they added this would it still be subject to the cap. Tokos confirmed it would. A discussion ensued regarding what the potential impact would be to add more units on one lot with separate buildings, and what the increase of traffic would be. Goebel thought the whole idea was to spread STRs out instead of condensing more STRs in a given location. The Committee was in general agreement to not allow more than one building on the same lot to be used as a vacation rental.

Tokos reviewed the establishment of a process for considering adjustments to the license cap numbers, and suggested an annual report be done to consider this. Jacobi would prefer to avoid a huge discussion on this once a year. Goebel felt the same. Malloy asked if the 176 license cap was based on a percentage. Tokos reported it was a negotiated number at the time the ordinance was done. The question was when should the adjustment be considered. Rogers thought they should get rid of the 200 and make it 176, then say that the City Council could review and set a timeline on when it should be reviewed. Tokos reminded this was an ordinance and changing it this way required a full legislative process. Goebel thought having the Council considering this once a year was very stressful. Tokos reminded that anyone could request that the Council revisit the numbers. Nebel was concerned that when they started getting

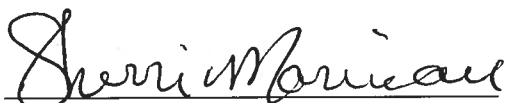
into this they might have a county referendum in Newport as well. He thought that they had a tolerable balance of numbers as it was currently. Roumagoux thought having a number set just at 176 was right and if people were upset they could write to the Council. Tokos reiterated that what he was hearing was to pick this up in the package of ordinance changes but just eliminate the reference to the 200 number in the resolution aspect. The Work Group was in agreement with this.

Tokos acknowledged the email received from Cheryl Connell in 2020 that asked about the automated email confirmations from the hotline services, which had been taken care of. They also made a recommendation to have a time certain phase out of STRs outside of the overlay zone, and asked that the code enforcement on weekends was addressed. Tokos asked if the Work Group wanted to entertain any of these changes that were suggested. Nebel asked if there would be one more Work Group meeting before this was presented to the Council. Tokos confirmed there would be. Nebel thought that the basis for strikes needed to be clarified in the ordinance on what constituted a strike or not. He also wanted a clarification on what happened when someone wanted to appeal a strike. Branigan questioned the suggestion for a phase out for STRs outside the overlay zone. He thought there was some confusion on if there was a phase out in place or not, and thought they needed clarification on this. Tokos thought the Work Group needed to determine if they were comfortable with the language as it was currently, or if they thought there should be a fixed period of phase out. If so, they needed to address it squarely. Tokos reported that during the time the ordinance was done in 2019 there were around 47 to 48 STRs outside of the overlay zone. Currently this was down to about 38. He asked if the Work Group was comfortable with the language as it was or if it needed to be changed. Branigan thought they should put out the language as it currently was and make sure this was clear for anyone reviewing the city ordinance. Rogers thought the current rate that the STRs licenses outside of the zone were going away in the first four year period was about 20 percent which was on par with what should happen in terms of phases. Sonja Lovas noted that many of the STRs that dropped out outside of the overlay happened earlier on in the process and this wasn't happening as much currently. Nebel thought it would be good to share with the City Council year by year what the renewals for STRs outside of the overlay were so people could see what was happening. Roumagoux agreed with Nebel.

Tokos asked for thoughts on a CSO working on the weekend. Jacobi noted at the budget meeting she asked for a third CSO so weekends could be covered. Malloy noted there were a lot of a working parts on how to make these positions work. This needed to be negotiated in a contract with the employee. Tokos noted that what he was hearing was there was general agreement that the Work Group wanted to address the items on Cheryl Connell's email so there was some closure on this, and to make sure the Council understood what they wanted to do and that it was something that was clearly responded to. Nebel noted that if there was any other items the Work Group felt like they wanted to look at that they should send their thoughts to Tokos to share.

5. **Public Comment.** None were heard.
6. **Adjournment.** The meeting adjourned at 1:44 p.m.

Respectfully submitted,



Sherri Marineau
Executive Assistant