

Date: December 3, 2015  
 To: City of Hood River Planning Commission  
 From: Cathy Corliss, AICP, Principal  
 cc: Cindy Walbridge, City of Hood River  
 Re: Issue Paper #1 regarding Short-Term Rental (STR) Housing

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## INTRODUCTION

One of the factors that affects housing availability in Hood River is growth in demand for second homes and short-term rental housing. The 2015 Housing Needs Analysis estimates that between 8% and 12% of Hood River's housing stock is used as second homes or short-term rental housing, making it unavailable for year-round housing.

During the autumn of 2015, the Hood River City Council determined that it will regulate short-term rental (STR) housing. The City Council discussed a variety of approaches and took testimony from citizens and other interested parties before reaching general consensus on a framework for STR regulations. This framework includes the following key elements:

- Allow short-term rentals (occupancy for fewer than 30 days) in all residential zones.
- Define and allow short-term rentals of rooms in primary residences.
- Define and allow short-term rentals of entire houses in primary residences.
- Define and allow short-term rentals of rooms and/or entire houses in non-primary residences.
- Limit the total number of total short-term rentals within the Hood River UGB by capping the number of short-term rentals by total number. This will put a freeze on STR growth. Future growth within the UGB would then go toward housing for full-time residents and second homeowners, but not STRs.
- Determine the appropriate cap and establish a system for the distribution of permits that may become available in the future (e.g., lottery system or a queue) and establish spacing standards.

The City Council has directed that regulations for STRs be drafted in accordance with the framework outlined above and presented to the Planning Commission for public review and comment. This memorandum is intended to provide the Planning Commission with code concepts and alternatives to implement the City Council's direction through code amendments to Title 17 (Zoning) of the Hood



River Municipal Code. Based on guidance received at the December 7<sup>th</sup> worksession, the project team will prepare draft code amendments to Title 17 for Planning Commission.

**TRANSIENT OCCUPANCY vs. RESIDENTIAL USE**

**Current Code Requirements:** Typically “transient” occupancies refer to those lasting for 30 days or less. While no length of tenancy is specified in the current definitions, uses that might traditionally provide transient accommodations to guests are referenced in the code in a variety of ways.

*BED AND BREAKFAST FACILITY means a single-family dwelling where travelers and/or guests are lodged for sleeping purposes, with or without a morning meal, and for which compensation is paid. [NOTE: standards in the code limit the number of guestrooms to five and the number of guests to ten.]*

*BOARDING HOUSE, LODGING HOUSE, OR ROOMING HOUSE means a building where lodging, with or without meals, is provided for compensation for over four (4) guests.*

*HOSTEL means any establishment having beds rented or kept for rent on a daily basis to travelers for a charge or fee paid or to be paid for rental or use of facilities and which are operated, managed, or maintained under the sponsorship of a non-profit organization that holds a valid exemption from federal income taxes under the federal law.*

*COMMERCIAL USE means any activity involving the sale of goods or services that does not involve manufacturing, processing, warehousing, or outside storage. [NOTE: hotels and motels are considered commercial uses.]*

There are no transient occupancy uses specifically allowed in the R-1 zone; however, these uses are allowed in the other residential and commercial zones as shown in the following table.

Use	R-1	R-2	R-3	C-1	C-2
Bed and breakfast facilities	No	P	P	P	P
Boarding house, etc.	No	No	P	P	P
Hostels	No	No	CU	CU	CU
Commercial uses (including hotel/motel)	No	No	No	No	P (SPR)

The current definition of “residential” in Title 17 recognizes its non-transient nature; however, there is no definition of “non-transient” (i.e., 31 consecutive days or more) and other the term “residential” is not used in the definition of “single-family dwelling” or in the lists of permitted uses in the zones.

*RESIDENTIAL OR RESIDENTIAL USE means the occupancy of living accommodations on a non-transient basis.*

The definition of “single-family dwelling” doesn’t reference “residential use” or specify any length of tenancy, but the number of unrelated occupants is limited by the definition of “family”.

*SINGLE-FAMILY DWELLING means a building designed or used exclusively for the occupancy of one (1) family and having housekeeping facilities for only one (1) family.*

*FAMILY means one (1) or more persons, excluding servants, related by blood, marriage, legal adoption, or legal guardianship, occupying a single non-profit housekeeping unit and using common housekeeping facilities; a group of not more than five (5) unrelated persons living together as a single non-profit housekeeping unit and using common housekeeping facilities.*

**Code Concepts:** Definitions should clearly distinguish the uses from each other and standards should be scaled accordingly. The code concepts below outline a possible approach to the code amendments for Planning Commission consideration.

Non-transient (residential) uses:

- The use tables could specify *residential use* of a single family dwelling or a multi-family dwelling. The definition of “residential” could be amended to clarify that “non-transient” means at least 31 consecutive days.
- Boarding house – this term could be amended to apply to the residential use of a building with a single kitchen by a group of unrelated people in excess of the number permitted by the definition of family (i.e., more than 5 people).

Transient uses:

- The code should provide for the full range of visitor accommodations that are permitted in Hood River. Definitions and standards should address the following:
  - In which zones the different types of transient accommodations are permitted
  - The type of structure (e.g., does the use have to be in a single family dwelling?)
  - Whether the owner or primary resident is required to be present during the overnight rental period
  - The maximum number of bedrooms or guests
  - Whether signage is permitted
  - Parking requirements for guests
  - Whether the uses have to be separated from each other (i.e., a spacing requirement)
  - Whether the use is subject to the cap on the total number of transient rentals. See discussion of the cap and options for distributing available permits on page 6 of this memorandum.



Code Concepts for Transient Accommodations

Type of Transient Accommodation*	Zones	Structure Type	Permanent Resident Present	Max Bedrooms / Guests	Signage	Guest Parking Required	Spacing Required	Subject to Cap
Hosted Homeshare [NEW term to refer to rental of rooms in a house]	R-1 R-2 R-3 C-1 C-2	SF Dwelling	Permanent resident present during the overnight rental period	TBD (2 rooms per Bend, OR)	No	TBD	No	No
Vacation Home Rental [NEW term to refer to rental of an entire house]	R-1 R-2 R-3 C-1 C-2	SF Dwelling	No	TBD (2 per bedroom + 2 per Cannon Beach, OR)	No	TBD	Yes, in Residential zones	Yes, in Residential zones
Bed and Breakfast **	R-2 R-3 C-1 C-2	SF Dwelling	Owner or manager lives on site	5 rooms /10 guests	Yes	1 space per bedroom	No	No
Hostel**	R-3 C-1 C-2	Any	No	No maximum	Yes	Yes	No	No
Commercial (Hotel/Motel)**	C-2	Any	No	No maximum	Yes	Yes	No	No

\* All types of transient accommodation would be subject to a permit and to the Hotel Tax pursuant to Chapter 5.09 of the Hood River Municipal Code.

\*\* Bed and Breakfasts, Commercial (Hotel/Motel) and Hostels are existing uses. They have been included in the table to show the full spectrum of transient accommodations in Hood River. No changes are proposed to their standards. The current standards for Bed and Breakfasts are included on the following page for reference.

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## Current Code Requirements: Bed and Breakfast Facilities (17.04.110)

*Bed and Breakfast facilities are permitted in the Urban Standard Density Residential (R-2), Urban High Density Residential Zone (R-3), Office/Residential Zone (C-1), and General Commercial Zone (C-2).*

### A. Review Procedures.

*1. Applications: Applications for Bed and Breakfasts Permits shall be accompanied by a plot plan drawn to scale indicating the location of existing or proposed structures, number of guests or bedrooms, and location of the required off-street vehicle parking.*

*2. Review: Where permitted, Bed and Breakfast facilities are permitted outright as accessory uses, and as such shall be processed as administrative actions, per the Administrative Actions provisions (Section 17.09.030), and approved, approved with conditions, or denied by the Director.*

### B. Approval Standards.

*1. The structure shall retain the characteristics of a single-family dwelling.*

*2. The number of guestrooms shall be limited to five (5). The number of guests shall be limited to ten (10).*

*3. In addition to required off-street parking for the residential use, one (1) hard surfaced off-street parking space shall be provided for each bed and breakfast guestroom. Parking areas shall not be located in the front yard. Parking areas may be adjacent to the Bed and Breakfast establishment. Alternative parking plans that meet the requirements of this chapter may be approved by the Planning Director.*

*4. Signs shall be limited to one (1) non-illuminated sign not exceeding one and one-half (1½) square feet. No off-premises signs are permitted.*

*5. A bed and breakfast facility shall be subject to the Hotel Tax pursuant to Chapter 5.09 of the Hood River Municipal Code. Where a morning meal is provided as part of the guest room charges, the hotel tax will be imposed on eighty percent (80%) of the rent charged by the bed and breakfast operator.*

*6. A bed and breakfast facility shall be subject to approval by the County Health Officer, the City Fire Marshal, and the City Building Official.*

*7. The bed and breakfast facility shall be owner or manager occupied.*

*C. Time Limit. A bed and breakfast facilities permit is valid for a period of two (2) years from the written notice of the final decision, or the decision on an appeal, whichever is later.*

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## CAP ON TOTAL NUMBER OF UNITS

As noted previously, the 2015 Housing Needs Analysis estimates that between 8% and 12% of Hood River's housing stock is used as second homes or short-term rental housing, making it unavailable for year-round housing. This is primarily an issue with Vacation Home Rentals as the other types of transient accommodations described above typically don't displace permanent residents. Therefore, the City Council has suggested that the cap apply only to Vacation Home Rentals (entire house) in the residential zones.

### Code Concepts:

- As described above, Vacation Home Rentals, which include all circumstances where the entire house is rented out, would be subject to the cap with no exceptions for occasional rental and no distinction between rental of a primary residence and the rental of a second home or other non-primary residence.
- A specific number for the cap has not been established; however, the City Council has suggested that the cap could be based on the existing number of permitted Vacation Home Rentals within the residential zones.
- Potentially, existing Vacation Home Rentals could be "grand-fathered in" for a specific period of time (e.g., 10 years) provided they obtain and maintain the necessary permits.
- Once the maximum number of permits has been issued, if a permit holder decided to give up his or her permit or if a permit expired, that permit could be made available to those on a waiting list. For example, the City of Cannon Beach has a cap on the number of short-term rentals. The City maintains a list of interested parties and when a permit comes available the City makes a random selection from the list. The selected party has a specified amount of time to apply and qualify. Alternatively, the City could make the selection from the waiting list on a first-come, first-served basis. In Hood River, when applying the cap in conjunction with the spacing requirements described below, it is possible that the selected party would not qualify for a permit if they are too close to an existing Vacation Home Rental.

## SPACING REQUIREMENT

In addition to affecting housing availability, the impact a concentration of transient accommodations can have on the livability of residential neighborhoods is also a concern. In the case of Hosted Homeshares and Bed and Breakfasts, this concern is addressed by the requirement that the homeowner or permanent resident or manager be on-site. So, similar to the cap, this is also primarily an issue with Vacation Home Rentals in residential zones. Standards could specify that a new Vacation Home Rental cannot be closer than a specified distance from an existing Vacation Home Rental. If existing Vacation Home Rentals were "grand-fathered in", this would only affect new permits.

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The City is working with a GIS specialist to prepare a map of existing Vacation Home Rentals which will help the Planning Commission in its consideration of this issue.

#### Code Concepts:

- Excerpt from the City of Bend Development Code, Section 3.6.500 (Short-Term Rentals) *E. Concentration Limits. There shall be at least 250 feet of separation between properties zoned SR21/2, RL, RS, RM, RH and MR outside of the Old Mill District boundary (noted as Type II in Figure 3.6.500.C) with a permitted short-term rental measured radially from the property boundary of the subject property as determined by the City of Bend Development Services Director or designee.*
- The City of Bend's Development Code also makes an exception to its spacing requirements for short-term rentals that are available for rent fewer than 30 days total per calendar year.

#### OTHER PERMITS OR LICENSES

In addition to complying with zoning code standards, a short-term rental operating license would also be required. For example, the City of Bend requires that applicants obtain both a short-term rental permit (Type I or II) and a short-term rental operating license. Similar to a business license, this license must be renewed on a regular basis. The requirements for this license or permit would be in Title 5 of the Hood River Municipal Code and are outside the scope of this memorandum.