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## 1080-2023

Ordinance

### Amend permit fee schedules for all Type A Accessory Short-Term Rentals

Referred

The City of Portland ordains:

Section 1. The Council finds:

1. The Bureau of Development Services (BDS) promotes safety, livability, and economic vitality through efficient and collaborative application of building and development codes.
2. BDS administers Portland City Code (PCC) Title 33, Planning and Zoning Regulations related to permitting and enforcement and began regulating and permitting accessory short-term rentals (ASTRs) in 2014.
3. The past and current fee rate charged for processing Type A, Accessory Short-Term Rental applications and renewals has never achieved cost recovery nor had the necessary resources in technology and staffing to manage the demand.
4. Increasing all, Type A, Accessory Short-Term Rental fees will:
  - Allow BDS to launch and maintain an online portal for customers to apply, to renew and to pay their ASTR fees;
  - Ensure funding to maintain staff resources for processing applications, renewals and tracking activity;
  - Allow BDS to meet many of the recommendations in the 2018 City Auditor's report, such as improved data collection, improved compliance with city code and ensuring safety and livability for neighborhoods;
  - Allow BDS to meet cost recovery for this program; and
  - Will support this industry, as an important part of Portland's economic recovery, providing alternative lodging for visitors.
5. Furthermore, increasing fees will have a direct impact on Type A, Accessory Short-term Rental Hosts, as their operating cost for this type of home occupation will increase to \$180 per year. In addition, Hosts will also receive the benefit of being able to process their application easily and quickly and submit payment via an online portal, thus greatly improving the past delays in processing.

NOW, THEREFORE, the Council directs:

Introduced by

[Commissioner Carmen Rubio](#)

Bureau

[Development Services](#)

Contact

**Beth Benton**

Property Compliance Division  
Manager

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Requested Agenda Type


Regular


Date and Time Information

Requested Council Date  
December 20, 2023

A. All Type A, Accessory Short-Term Rental fees be increased as set forth in Exhibit A and in effect as of February 1, 2024.

## Documents and Exhibits

 [Exhibit A \(https://www.portland.gov/sites/default/files/council-documents/2023/astr-fee-schedule-change-exhibit-a-12.13.23.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/astr-fee-schedule-change-exhibit-a-12.13.23.pdf) 135.96 KB

 [Memo to Council \(https://www.portland.gov/sites/default/files/council-documents/2023/astr-fee-schedule-change-memo-to-council-12.13.23.pdf\)](https://www.portland.gov/sites/default/files/council-documents/2023/astr-fee-schedule-change-memo-to-council-12.13.23.pdf) 277.12 KB

## Impact Statement

### Purpose of Proposed Legislation and Background Information

The Bureau of Development Services (BDS) collects Accessory Short-Term Rental (ASTR) fees to fund associated permit application, renewal, compliance, and enforcement. This program has the goal of being self-supporting. Currently, the ASTR fee structure is inadequate to support the costs associated with administering Accessory Short-Term Rental (ASTR) program.

While the bureau recognizes the impact of increased fees on its customers, an increase to Type A (1 & 2 family and Multi-family) ASTR application and renewal fees is necessary to improve service levels, respond to current and future service level demands, and to operate closer to cost recovery. BDS is therefore proposing an ASTR fee increase to \$360 every 2 years.

BDS researched the fees charged by other cities for Accessory Short-Term Rental permitting/licensing. Prices charged ranged from \$89 to \$863 for initial applications providing either 1- or 2-year permits. Renewal prices ranged from \$50 to \$750 for either 1- or 2-year permit renewals. In addition, some jurisdictions had complicated fee calculations, for example Seattle only charges \$75 per year for the permit/license but also charges a \$4 per night booking fee and Los Angeles has a tiered approach based on number of nights booked annually. The below table is a summary of jurisdictional data:

City, State	Population (US Census 2022)	Permit Span	Initial Permit Fee	Renewal Fee	Notes and Additional Charges
Alamosa, CO	9,845	1 year	\$750	\$300	plus 5% cap # issued per neighborhood
Austin, TX	974,447	1 year	\$863	\$490	
Chicago, IL	2,665,039	1 year	\$125	\$250	renewals are for 2 years
Denver, CO	713,252	1 year	\$50	\$100	
Los Angeles,	3,822,238	1 year	\$89 or	\$89 or	< 120 days of >

City, State	Population (US Census 2022)	Permit Span	Initial Permit Fee	Renewal Fee	Notes and Additional Charges
CA			\$850	\$850	120 days
<b>Portland, OR</b>	<b>635,067</b>	<b>2 years</b>	<b>\$360</b>	<b>\$360</b>	<b>(proposed new fee amount)</b>
Rockaway Beach, OR	< 5,000	1 year	\$500	\$500	
Sacramento, CA	528,001	1 year	\$230	\$160	
San Diego, CA	1,381,623	2 years	\$250	\$250	
San Francisco, CA	808,437	2 years	\$750	\$750	
Santa Monica, CA	89,947	1 year	\$100	\$50	
Seattle, WA	749,256	1 year	\$75+	\$75+	plus \$4 for each night booked

## Financial and Budgetary Impacts

There are currently 2,153 active ASTR permits. At the current rate of \$179 for a 2-year permit this represents annual estimated ASTR collections of \$192,694 (\$385,387 bi-annually). The current annual estimated cost of the ASTR program is \$378,728, leaving a funding shortfall of approximately \$186,034. An increase of the ASTR permit fee to \$360 is estimated to increase collections by \$194,847 which would eliminate the funding shortfall.

This legislation does not create, eliminate, or re-classify positions now or in the future. Additional staff time required is limited to performing outreach, preparing the revised fee schedules, and this subsequent legislation. Existing BDS staff will implement and administer the revised fee schedule as part of the existing workload. There is no change to demographic impacts or changes in staffing. The legislation does not result in a new or modified financial obligation or benefit, including IAs, IGAs, MOUs, grants, contracts, or contract amendments

## Community Impacts and Community Involvement

For struggling property owners across Portland, being able to apply for and legally host an accessory short-term rental at their property, can provide needed additional income to avoid displacement and abandonment of property.

Increasing ASTR fees will help BDS staff support this industry of providing alternative lodging for visitors, as an important part of Portland's economic recovery.

Increasing fees will have a direct impact on property owners hosting Type A, Accessory Short-term Rental, as their operating cost for this type of home occupation will increase to \$180 per year. However, this cost is comparable with and is less than many other cities that permit Accessory Short-term Rentals.

Since the program launched in 2014, online advertising platforms and hosts (ASTR owners) have requested an easier process with a streamlined online portal for permit applications, renewals, as well as payment. This will be a benefit for our customers.

## Agenda Items

**1028 Time Certain in [December 13, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/13)**  
(<https://www.portland.gov/council/agenda/2023/12/13>)

Passed to second reading

Passed to second reading December 20, 2023 at 9:30 a.m.

**1080 Regular Agenda in [December 20, 2023 Council Agenda](https://www.portland.gov/council/agenda/2023/12/20)**  
(<https://www.portland.gov/council/agenda/2023/12/20>)

Referred to Commissioner of Public Utilities

This exhibit contains the proposed changes to the existing BDS Enforcement Fee and Penalty Schedule. No other line items on the existing schedule are affected by this ordinance.

**City of Portland**  
**Bureau of Development Services**  
**Enforcement Fee and Penalty Schedule**  
**Effective Date: February 1, 2024**

Enforcement Fees and Penalties	Current Fee	Proposed Fee
<b>Type A Accessory Short-Term Rental Fee for 1 &amp; 2 Dwelling Structures</b>		
Business Operation Validation Fee - <i>renews every 2 years</i>	\$ 179.00	\$ 360.00
Reinspection Fee	\$ 179.00	\$ 360.00
<b>Type A Accessory Short-Term Rental Fee for Multi-Dwelling Structures</b>		
Initial Application Fee - <i>valid for two years</i>	\$ 129.00	\$ 360.00
Renewal Application Fee - <i>every two years</i>	\$ 80.00	\$ 360.00



**City of Portland, Oregon**  
**Bureau of Development Services**  
**Property Compliance Program**  
**FROM CONCEPT TO CONSTRUCTION**

Carmen Rubio, Commissioner  
Rebecca Esau, Director  
Phone: (503) 823-7300  
TTY: (503) 823-6868  
[www.portland.gov/bds](http://www.portland.gov/bds)

**Date:** 12/13/2023

**To:** Mayor Wheeler  
Commissioner Gonzalez  
Commissioner Mapps  
Commissioner Rubio  
Commissioner Ryan

**From:** Rebecca Esau, Director R&E  
Bureau of Development Services

**Regarding: Proposed TYPE A ACCESORY SHORT-TERM RENTAL FEE INCREASE**

## **I. RECOMMENDATION**

Amend and increase the current fee schedule for Type A, Accessory Short-Term Rentals (ASTR). This increase is necessary to cover the costs for providing this service, technology upgrades through the creation of an online ASTR permit application process through BDS, which will benefit hosts, online platforms and the city. This increase will help BDS meet demand and provide timely processing of both initial ASTR permit applications and renewals.

## **II. BACKGROUND**

Since the regulation and permitting of accessory short-term rentals (ASTRs) began back in 2014, an online application portal has been the desire of all parties, (the city, online hosting platforms, and hosts). While the Pass-Through Registration agreement made with Airbnb in 2019, gave the impression of an online portal, it was only able to basically pass contact information to our office, for us to start the permit application and review process, which remained paper based and incomplete for our needs. We also recognized that focusing available BDS resources to develop an online application to automate the application submittal and review processes, would improve our service level to customers, make it easy for hosts to comply with the City's STR Registry, and allow staff to receive more complete applications and thus be able to process them in a more, timely manner.

As you may be aware, the city recently terminated the Pass-Through Registration (PTR) agreement with Airbnb effective October 1, 2023. In addition, BDS leadership has approved moving forward with developing technology for an online permitting/licensing module through the Accela Platform we are currently utilizing for Cannabis and Liquor

licensing with success. This will streamline and automate much of the process and greatly reduce processing times for the benefit of everyone, STR Hosts and Admin processing Staff. The target date to begin work on this module is November 2023, with an anticipated build out and launch timeframe of 6 to 9 months.

### III. ADDITIONAL SUPPORTING INFORMATION

We researched the fees charged by other cities for Accessory Short-Term Rental permitting/licensing. Prices charged ranged from \$89 to \$863 for initial applications providing either 1- or 2-year permits. Renewal prices ranged from \$50 to \$750 for either 1- or 2-year permit renewals. In addition, some jurisdictions had complicated fee calculations, for example Seattle only charges \$75 per year for the permit/license but also charges a \$4 per night booking fee and Los Angeles, has a tiered approach based on number of nights booked annually. Here is a summary of jurisdictional data:

	Population (2022 Census)	Permit Span	Initial Permit Fee	Renewal Fee	Notes and Additional charges
Alamosa, CO	9,845	1 year	\$750	\$300	plus 5% cap # issued per neighborhood
Austin, TX	974,447	1 year	\$863	\$490	
Chicago, IL	2,665,039	1 year	\$125	\$250	renewals are for 2 years
Denver, CO	713,252	1 year	\$50	\$100	
Los Angeles, CA	3,822,238	1 year	\$89 or \$850	\$89 or \$850	< 120 days or > 120 days
<b>Portland, OR</b>	<b>635,067</b>	<b>2 years</b>	<b>\$360</b>	<b>\$360</b>	<b>(Proposed new fee amount)</b>
Rockaway Beach, OR	< 5,000	1 year	\$500	\$500	
Sacramento, CA	528,001	1 year	\$230	\$160	
San Diego, CA	1,381,623	2 years	\$250	\$250	
San Francisco, CA	808,437	2 years	\$750	\$750	
Santa Monica, CA	89,947	1 year	\$100	\$50	
Seattle, WA	749,256	1 year	\$75 +	\$75 +	plus \$4 per ea. night booked

ASTR permitting fees need to achieve cost recovery to support the program for which they are associated. The administrative staff time to process the backlog and the future ASTR applications as well as renewals, along with the associated costs for the Accela software platform (development and ongoing licenses and maintenance) and staff field inspection and investigation time for verifying that the necessary conditions of Title 33 are met, our current fee structure is inadequate to support this growing program.

In order to meet cost recovery, the permitting fees charged by the City of Portland, specifically BDS, will need to provide for the annual operating expenses for Accela software platform, 1 FTE Admin staff and 1 FTE Enforcement staff (including benefits and leave, and bureau administrative overhead per FTE), to provide Title 33 compliance inspections and cover complaint investigation time. Therefore, our total estimated

operating costs annually will be: 2 FTE plus overhead at approx. \$359,121, plus the Accela software platform at approx. \$19,607; (which includes 4 software/platform account licenses, a payment adapter license and professional support services which increase annually by 5%). This represents a total, annual operating cost of \$378,728.

Currently there are 2,153 active ASTR Home Occupation active permits, each paying \$179 (every 2 years) for their operating permit which is estimated to generate approx. \$385,387 bi-annually or \$192,693.50, annually in revenue. This represents an annual shortfall of \$186,034. Therefore, we are recommending fees increase to \$360 (every 2 years). This increase is estimated to result in an additional \$194,847 annually in revenue, thereby eliminating the shortfall.





**Bureau of  
Development  
Services** FROM CONCEPT  
TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rentals (ASTR)

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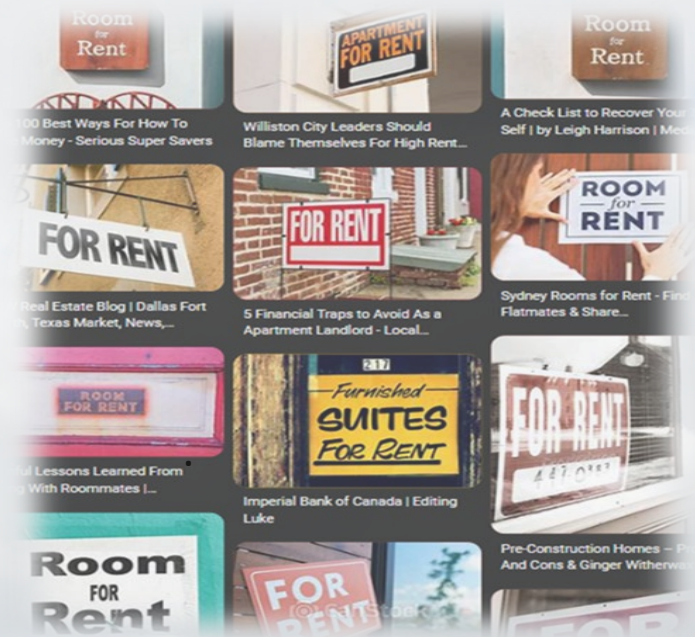
December 13, 2023



# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Program Background

1. The Accessory Short-Term Rental (ASTR) program began in 2014, as part of Portland's Zoning Regulations [PCC 33.207].
2. ASTR Requirements:
  - Property must remain as a primary residence;
  - Lodging is less than 30-days (short-term/transient);
  - Rental space must meet Code standards for a sleeping area;
  - Must have a functioning, interconnected smoke detector;
  - Must have a carbon monoxide detector, if applicable.





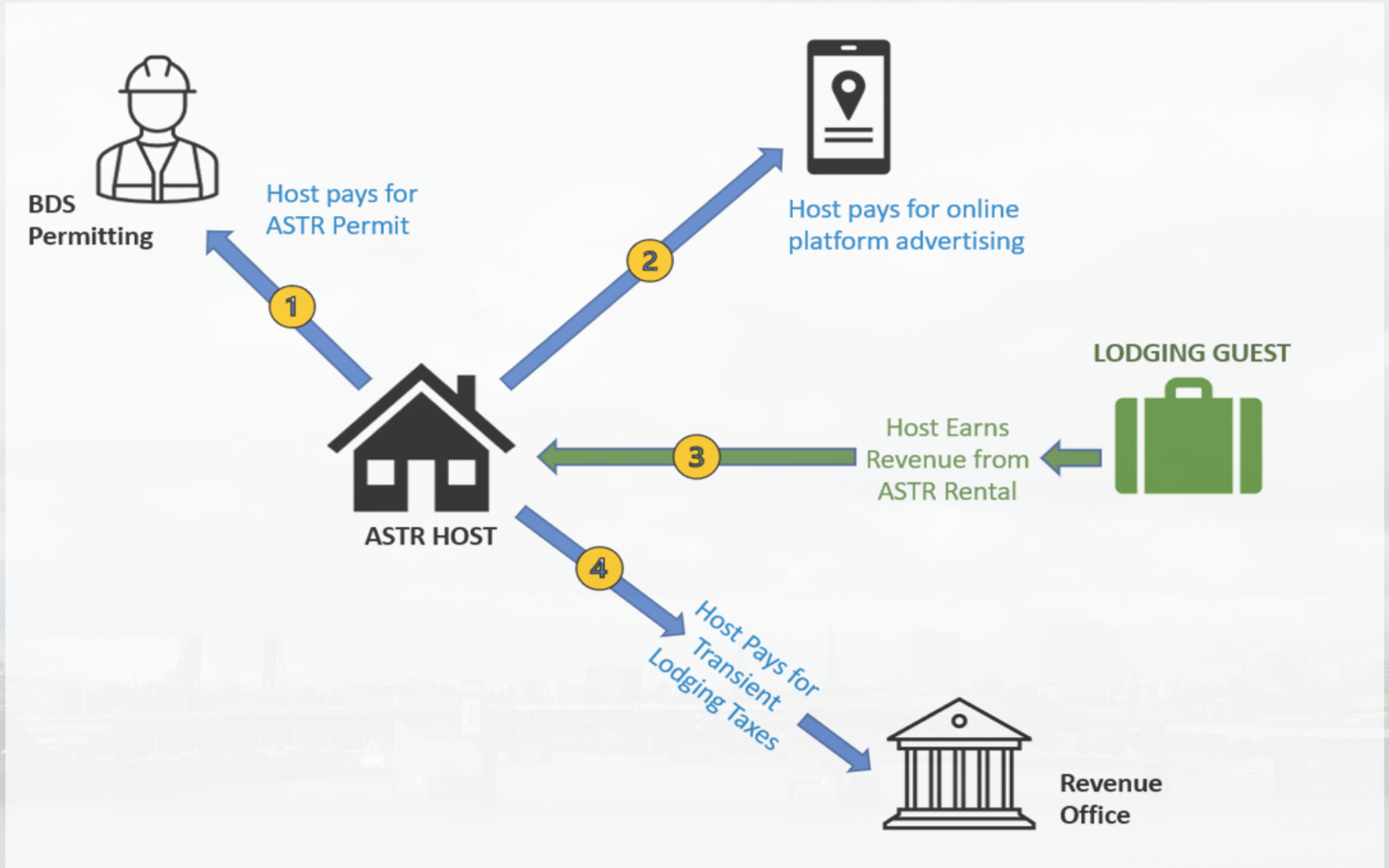
# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Program Background cont.

3. Hosts are required to obtain an ASTR permit for Accessory Home Occupation use:
  - Type A – allowed by right, 2 bedrooms, 5 guests
  - Type B – Land Use Conditional Use Review (discretionary), may allow more than 2 bedrooms and 5 guests
4. BDS is also responsible for the enforcement of ASTR violations
5. Revenue is responsible for collecting transient lodging taxes for ASTR operations.



# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental





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Services** FROM CONCEPT  
TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Permitting Process and Fees for all Type A, ASTRs

Since the program's inception in 2014, everyone (hosts, online platforms and city offices) wanted an easy to navigate, online process for applying and paying for a Type A, ASTR permit.

However, the necessary resources (staff and technology) to administer this program have not been realized nor has the program met cost recovery.

Fee increase is necessary to eliminate the annual revenue shortfall and cover operating expenses related to Type A, ASTR permitting and renewals.



**Bureau of  
Development  
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TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

**City of Portland  
Bureau of Development Services  
Enforcement Fee and Penalty Schedule  
Effective Date: February 1, 2024**

Enforcement Fees and Penalties	Current Fee	Proposed Fee
<b>Type A Accessory Short-Term Rental Fee for 1 &amp; 2 Dwelling Structures</b>		
Business Operation Validation Fee - <i>renews every 2 years</i>	\$ 179.00	\$ 360.00
Reinspection Fee	\$ 179.00	\$ 360.00
<b>Type A Accessory Short-Term Rental Fee for Multi-Dwelling Structures</b>		
Initial Application Fee - <i>valid for two years</i>	\$ 129.00	\$ 360.00
Renewal Application Fee - <i>every two years</i>	\$ 80.00	\$ 360.00



**Bureau of  
Development  
Services**  
FROM CONCEPT  
TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Projected Annual Revenue

\$179 per 2-year permit (or \$89.50/yr) **\$ 192,694**  
based on 2,153 permits

## Projected Annual Expenses

Staffing (including associated overhead) **\$ 359,121**  
*2 FTE Equivalent*

Software Permitting Platform License(s) including **\$ 19,607**  
*Professional services  
payment adapter license  
anticipate a 5% increase annually*

**\$ (186,034)**

**\$360 (or \$180/yr) \$ 387,540**

**\$ 359,121**

**\$ 19,607**

**\$ 8,812**



**Bureau of  
Development  
Services**  
FROM CONCEPT  
TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Comparison of Cities

	<b>Population (2022 Census)</b>	<b>Permit Span</b>	<b>Initial Permit Fee</b>	<b>Renewal Fee</b>	<b>Notes and other charges</b>
Denver, CO	713,252	1 year	\$50	\$100	
Santa Monica, CA	89,947	1 year	\$100	\$50	
Chicago, IL	2,665,039	1 year	\$125	\$250	renewals are 2 yrs
Sacramento, CA	528,001	1 year	\$230	\$160	
San Diego, CA	1,381,623	2 year	\$250	\$250	
<b>Portland, OR</b>	<b>635,067</b>	<b>2 years</b>	<b>\$360</b>	<b>\$360</b>	(proposed new fee)
Rockaway Beach, OR	< 5,000	1 year	\$500	\$500	
Los Angeles, CA	3,822,238	1 year	\$89 to \$850	\$89 to \$850	if rent less than or more than 120 days
San Fransico, CA	808,437	2 year	\$750	\$750	
Alamosa, CO	9,845	1 year	\$750	\$300	5% cap per neighborhood
Austin, TX	974,447	1 year	\$863	\$490	





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# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Comparison of Cities - Total Cost at Year 3

	Population (2022 Census)	Permit Span	Initial Permit Fee	Renewal Fee	Total Host Cost at year 3
Santa Monica, CA	89,947	1 year	\$100	\$50	\$200
Denver, CO	713,252	1 year	\$50	\$100	\$250
San Diego, CA	1,381,623	2 year	\$250	\$250	\$500
Sacramento, CA	528,001	1 year	\$230	\$160	\$550
Chicago, IL	2,665,039	1 year	\$125	\$250	\$625
<b>Portland, OR</b>	<b>635,067</b>	<b>2 years</b>	<b>\$360</b>	<b>\$360</b>	<b>\$720</b>
Los Angeles, CA	3,822,238	1 year	\$89 to \$850	\$89 to \$850	\$267 to \$2,550
Rockaway Beach, OR	< 5,000	1 year	\$500	\$500	\$1,500
San Fransico, CA	808,437	2 year	\$750	\$750	\$1,500
Alamosa, CO	9,845	1 year	\$750	\$300	\$1,500
Austin, TX	974,447	1 year	\$863	\$490	\$1,843



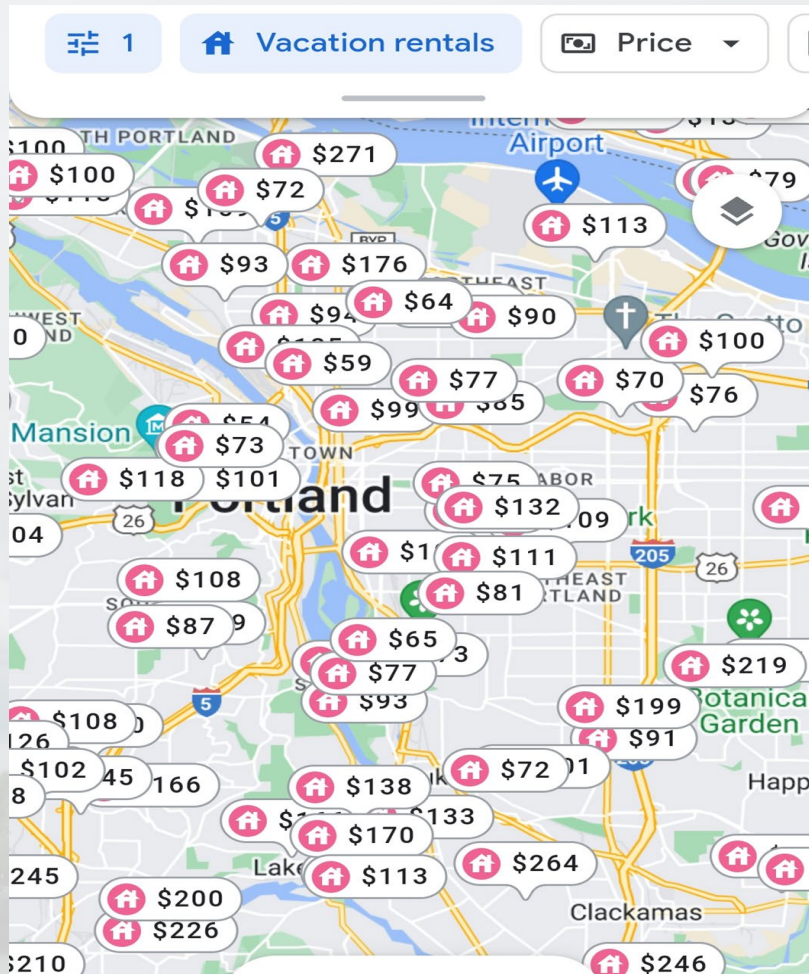
# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

## Benefits of a Fee Increase

- Able to support and pay for an online portal for permit applications;
- Online portal will provide a smoother, quicker process for application submittal and approval;
- Provide transparency for the public, online platforms and hosts to view ASTR operating permits, and renewals;
- Ease of online payment for hosts;
- Will provide cost recovery for staff time and overhead for FTE positions associated with this program.



# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental



## Request:

Amend BDS Permit Fee Schedule for Type A, Accessory Short-Term Rentals, increasing the current permitting fees to \$360, for a 2-year permit, effective February 1, 2024.



**Bureau of  
Development  
Services** FROM CONCEPT  
TO CONSTRUCTION

# Amend Permit Fee Schedule for Type A, Accessory Short-Term Rental

Questions ?



## Written Testimony - Agenda Item 1080/1028

Agenda Item	Name or Organization	Position	Comments	Attachment	Created
1028	Anonymous	Support with changes	The current fee schedule is unrealistic first and foremost the fee schedule doesn't come close to capturing the cost of inspections and the short term rental program. Furthermore BDS has said it's understaffed and unable to really do meaningful enforcement. These fees need to be higher and come closer to fully funding the cost of short term rental inspections and enforcement and have adequate funding to hire staff for these inspections and enforcement.	No	12/12/23 6:29 PM