

**WEDNESDAY, 2:00 PM, JULY 2, 2014**

THOSE PRESENT WERE: Mayor Hales, Presiding; Commissioners Fish, Fritz, Novick and Saltzman, 5.

- 738 TIME CERTAIN: 2:00 PM** – Improve land use regulations related to accessory short-term rentals through the Regulatory Improvement Code Amendment Package 6 (Previous Agenda 578; Ordinance introduced by Mayor Hales; amend Code Title 3 and Title 33) 3 hours requested
- 1. Motion to put on the table amendments from BPS memo dated June 30, 2014 items B. Carbon Monoxide Detector as amended to add “where a detector is required by law”, D. Primary Residence and E. Designees:** Moved by Fritz and seconded by Saltzman. (Y-5)
  - 2. Motion to put on the table amendment to allow accessory short-term rentals in multi-dwelling structures beginning January 1, 2015 and require that the application for a Type A accessory short-term rental permit be signed by the resident, the property owner, and the president of the Home Owner’s Association if one exists:** Moved by Hales and seconded by Saltzman. (Y-3; N-2 Fritz, Fish)
  - 3. Motion to put on the table as a condition of receiving a permit to operate short-term rentals the applicant has to agree to list the permit number in any and all advertisements:** Moved by Novick and seconded by Fritz. (Y-5)
  - 4. Motion to approve amendment A. Inspections from BPS memo dated June 30, 2014 to require an initial BDS inspection self-certification for renewals every 2 years and another BDS inspection at year 6 over the change of ownership:** Roll only (Y-5)
  - 5. Motion to approve amendment B. Carbon Monoxide Detector from BPS memo dated June 30, 2014 amended to require the dwelling unit be located on the floor of a dwelling equipped with a functioning carbon monoxide alarm where the detector is required by law Section 33.207.104A.4.c.:** Moved previously by Fritz and seconded by Saltzman. (Y-5)
  - 6. Motion to approve amendment D. Primary Residence to require resident to occupy the dwelling unit for at least 9 months:** Moved previously by Fritz and seconded by Saltzman. (Y-5)
  - 7. Motion to approve amendment E. Designees to allow a resident’s designee to operate the short-term rental as opposed to only the owner occupant:** Moved previously by Fritz and seconded by Saltzman. (Y-5)
  - 8. Motion to amend City Code to require license number be posted on all advertising and in the dwelling unit:** Moved previously by Novick and seconded by Fritz. (Y-5)

**PASSED TO  
SECOND READING  
AS AMENDED  
JULY 23, 2014  
AT 9:30 AM**

6-04-14

Motions to Agenda item 578

#1 Fritz's motion As Amended by Novick and Seconded by Fish:

**Motion to ask Bureau of Planning and Sustainability to amend the proposal to have an initial inspection and then a renewal every 2 years that would be administrative rather than a reinspection; and require another full reinspection every 10 years or with a change of ownership. (Y-5)**

#2 Saltzman's motion Seconded by Fritz:

**Motion to require each room has to be located on a floor of a dwelling equipped with a functioning carbon monoxide alarm. (Y-5)**

#3 Fritz amendment Seconded by Saltzman:

**Motion to amend ordinance directive e, add "and provide in a report to council on short term rentals by September 2016". (Y-5)**

- DRAFT -

OK David  
by Kathryn  
law  
7/2/14

**AGENDA ITEM 738 – RICAP 6 SHORT TERM RENTALS**

**MOTIONS/AMENDMENTS:**

1. Motion to put on the table amendments from BPS memo dated June 30, 2014 items B. Carbon Monoxide Detector as amended to add "where a detector is required by law", D. Primary Residence and E. Designees.

Moved by Fritz Seconded by Saltzman Y-5

2. Motion to put on the table amendment to allow accessory short-term rentals in multi-dwelling structures beginning January 1, 2015 and require that the application for a Type A accessory short-term rental permit be signed by the resident, the property owner, and the president of the Home Owner's Association if one exists.

Moved by Hales Seconded by Saltzman: Y-3, N-2 Fritz, Fish

3. Motion to put on the table as a condition of receiving a permit to operate short-term rentals the applicant has to agree to list the permit number in any and all advertisements.

Moved by Novick Seconded by Fritz: Y-5

4. Motion to approve amendment A. Inspections from BPS memo dated June 30, 2014 to require an initial BDS inspection self-certification for renewals every 2 years and another BDS inspection at year 6 over the change of ownership.

Y-5 (Note – I did not hear this get moved or seconded as the earlier motion on the package put only Items B, D and E on the table – Karla)

5. Motion to approve amendment B. Carbon Monoxide Detector from BPS memo dated June 30, 2014 amended to require the dwelling unit be located on the floor of a dwelling equipped with a functioning carbon monoxide alarm where the detector is required by law Section 33.207.104A.4.c.

Moved earlier by Fritz Seconded by Saltzman Y-5

- 6. Motion to approve amendment D. Primary Residence to require resident to occupy the dwelling unit for at least 9 months.**

**Moved earlier by Fritz Seconded by Saltzman Y-5**

- 7. Motion to approve amendment E. Designees to allow a resident's designee to operate the short-term rental as opposed to only the owner occupant.**

**Moved earlier by Fritz Seconded by Saltzman Y-5**

- 8. Motion to amend City Code to require license number be posted on all advertising and in the dwelling unit.**

**Moved earlier by Novick and seconded by Fritz: Y-5**

**Mayor Hales set-over his amendment to allow accessory short-term rentals in multi-dwelling structures beginning January 1, 2015 and require that the application for a Type A accessory short-term rental permit be signed by the resident, the property owner, and the president of the Home Owner's Association if one exists.**



Bureau of Planning and Sustainability  
Innovation. Collaboration. Practical Solutions.

---

## MEMO

DATE: June 30, 2014  
TO: Mayor Hales and City Commissioners  
FROM: Sandra P. Wood, Supervising Planner  
SUBJECT: Amendments for July 2, 2014 RICAP 6: Accessory Short-Term Rental Hearing

---

Thank you for holding a Council Work Session to explore regulations related to accessory short-term rentals. This memorandum provides potential changes to the Planning and Sustainability Commission's Recommended Draft, including draft Zoning Code amendments.

### Amendments Introduced at the June 4, 2014 Public Hearing

#### A. Inspections

##### *Motion options:*

- ☐ No further motion. Motion to require a BDS inspection for the initial permit, a self-certification for the renewals every 2 years, and another BDS inspection at year 10 or with a change of ownership was introduced on June 4, and is as shown in Attachment A - Option 1.
- ☐ Move to require a BDS inspection of the initial permit, a self-certification for the renewals every 2 years, and another BDS inspection at year 6 or with a change of ownership, as shown in Attachment A - Option 2.
- ☐ Move to not amend the Recommended Draft (BDS conducts initial and renewal inspections).
- ☐ Move to \_\_\_\_\_

#### B. Carbon Monoxide Detector

##### *Motion options:*

- ☐ No further motion. Motion to require a carbon monoxide detector in each bedroom was introduced on June 4, as shown in Attachment B.
- ☐ Move to not amend the Recommended Draft (carbon monoxide detectors would not be required).



City of Portland, Oregon | Bureau of Planning and Sustainability | [www.portlandoregon.gov/bps](http://www.portlandoregon.gov/bps)  
1900 SW 4th Avenue, Suite 7100, Portland, OR 97201 | phone: 503-823-7700 | fax: 503-823-7800 | tty: 503-823-6868

Printed on 100% post-consumer waste recycled paper.

☐ Move to \_\_\_\_\_

**C. Monitoring**

*Motion options:*

- ☐ No further motion. Motion to amend the ordinance directives to require BPS to return with a monitoring report by September 2016 was introduced on June 4, and is shown in Attachment C.
- ☐ Move to not amend the ordinance.
- ☐ Move to \_\_\_\_\_

**New Amendments from June 24<sup>th</sup> Work Session**

**D. Primary Residence**

*Motion options:*

- ☐ Move to require resident to occupy the dwelling unit for at least 6 months (185 days), as shown in Attachment D - Option 1.
- ☐ Move to require resident to occupy the dwelling unit for at least 9 months (270 days), as shown in Attachment D - Option 2.
- ☐ Move to not amend the Recommended Draft.
- ☐ Move to \_\_\_\_\_

**E. Designees**

*Motion options:*

- ☐ Move to allow a resident's designee to operate the short-term rental, as shown in Attachment E.
- ☐ Move to not amend the Recommended Draft.
- ☐ Move to \_\_\_\_\_

**Finally, adopt the ordinance and amended Recommended Draft.**

*Motion:* Move to adopt the ordinance and the Recommended Draft, as amended.



## Attachment A - Inspections

---

The recommended Zoning Code language requires the Bureau of Development Services to verify that the bedrooms meet certain requirements. See 33.207.040.A.4 and 33.207.050.A.5.

Amend code commentary, as follows:

### Option 1 - BDS Re-inspection at year 10

#### 33.207.040.A

4. **Bedroom Requirements.** This standard acknowledges that the traveling public will be sleeping in unfamiliar surroundings and are at a disadvantage for evacuating a building in case of an emergency than long-term residents. This requirement ensures that basic safety measures are in place through an inspection by the Bureau of Development Services. City Council's intent is to require a BDS inspection for the initial permit, a self-certification for the renewals every 2 years, and another BDS inspection at year 10.

### Option 2 - BDS Re-inspection at year 6

#### 33.207.040.A

4. **Bedroom Requirements.** This standard acknowledges that the traveling public will be sleeping in unfamiliar surroundings and are at a disadvantage for evacuating a building in case of an emergency than long-term residents. This requirement ensures that basic safety measures are in place through an inspection by the Bureau of Development Services. City Council's intent is to require a BDS inspection for the initial permit, a self-certification for the renewals every 2 years, and another BDS inspection at year 6.





## Attachment B - Carbon Monoxide Detectors

---

Replace the standard with the language shown below  
(this includes changing the plural "bedrooms" to singular "bedroom")

### For Type A Accessory Short-Term Rentals

#### 33.207.040.A. Standards.

4. Bedroom requirements. The operator of an accessory short-term rental may only rent a bedroom that the Bureau of Development Services has verified:
  - a. Met the building code requirements for a sleeping room at the time it was created or converted;
  - b. Has a smoke detector that is interconnected with a smoke detectors in an adjacent hallway; and
  - c. Is located on the floor of a dwelling equipped with a functioning carbon monoxide alarm.

### For Type B Accessory Short-Term Rentals

#### 33.207.050.A.5 Standards.

5. Bedroom requirements. The operator of an accessory short-term rental may only rent a bedroom that the Bureau of Development Services has verified:
  - a. Met the building code requirements for a sleeping room at the time it was created or converted;
  - b. Has a smoke detector that is interconnected with a smoke detectors in an adjacent hallway; and
  - c. Is located on the floor of a dwelling equipped with a functioning carbon monoxide alarm.





## Attachment C - Monitoring

---

Amend the ordinance directives as follows:

- e. Direct the Bureau of Planning and Sustainability to monitor the effect of the amendments as part of their overall monitoring program and provide a report to City Council by September 2016.



## Attachment D - Primary Residence

---

### OPTION 1 - At least 6 months

#### **33.207.040.A Standards** [Type A Accessory Short-Term Rental standards]

1. Accessory use. A Type A accessory short-term rental must be accessory to a Household Living use on a site. This means that the individual or family who operate the accessory short-term rental must occupy the house, attached house, duplex, or manufactured home for at least 185 days during each calendar year, and unless allowed by paragraph 040.A.2, the bedrooms rented to guests must be within the dwelling unit in which the resident resides.

#### **33.207.050.A Standards** [Type B Accessory Short-Term Rental standards]

- ~~A.2. Accessory use. A bed and breakfast facility~~ A Type B accessory short-term rental must be accessory to a Household Living use on a site. This means that the individual or family who operate the facility accessory short-term rental must occupy the house, attached house, duplex, manufactured home or accessory dwelling unit for at least 185 days during each calendar year as their primary residence, and unless allowed by 050.A.3, the bedrooms rented to guests must be within the dwelling unit in which the operator resides. The house must be at least 5 years old before a bed and breakfast facility is allowed.

### OPTION 2 - At least 9 months

#### **33.207.040.A Standards** [Type A Accessory Short-Term Rental standards]

1. Accessory use. A Type A accessory short-term rental must be accessory to a Household Living use on a site. This means that the individual or family who operate the accessory short-term rental must occupy the house, attached house, duplex, or manufactured home for at least 270 days during each calendar year, and unless allowed by paragraph 040.A.2, the bedrooms rented to guests must be within the dwelling unit in which the resident resides.

#### **33.207.050.A Standard** [Type B Accessory Short-Term Rental standards]

- ~~A.2. Accessory use. A bed and breakfast facility~~ A Type B accessory short-term rental must be accessory to a Household Living use on a site. This means that the individual or family who operate the facility accessory short-term rental must occupy the house, attached house, duplex, manufactured home or accessory dwelling unit for at least 270 days during each calendar year as their primary residence, and unless allowed by 050.A.3, the bedrooms rented to guests must be within the dwelling unit in which the operator resides. The house must be at least 5 years old before a bed and breakfast facility is allowed.



## Attachment E - Designee

### **33.212207.020 Description**

An accessory short-term rental is one where an individual or family resides in a house, attached house, duplex, or manufactured home on its own lot, and the individual, the family, or the resident's designee rents bedrooms to overnight guests. There are two types of accessory short-term rentals:

**For Type A Accessory Short-Term Rentals amend 33.207.040.A and C, as follows:**

1. Accessory use. A Type A accessory short-term rental must be accessory to a Household Living use on a site. This means that a resident must occupy the house, attached house, duplex, or manufactured home on the site as their primary residence, and unless allowed by paragraph 040.A.2, the bedrooms rented to guests must be within the dwelling unit in which the resident resides.
2. Accessory dwelling unit. On sites with an accessory dwelling unit, the resident can live in either the primary or accessory dwelling unit, and rent rooms in either unit, but the maximum number of bedrooms that can be rented on a the site with an accessory dwelling unit is 2.
5. Number of residents and guests. The total number of residents and guests occupying a dwelling unit with Type A accessory short-term rental may not exceed the number allowed for a household. For sites with an accessory dwelling unit, the total number of residents and guest occupying both dwelling units may not exceed the number allowed for a household.

**C. Revoking a Type A accessory short-term rental permit.** A Type A accessory short-term rental permit can be revoked for failure to comply with the regulations of this Chapter, through the procedures identified in Section 3.3.040 of Title 3, Administration. When a Type A accessory short-term rental permit has been revoked, a new Type A accessory short-term rental permit will not be issued to that resident at that site for 2 years.

**For Type B Accessory Short-Term Rentals amend 33.207.050.A, as follows:**

- ~~A.2.~~ Accessory use. ~~A bed and breakfast facility~~ An Type B accessory short-term rental must be accessory to a Household Living use on a site. This means that ~~the a resident individual or family who operate the facility~~ must occupy the house, attached house, duplex, manufactured home or accessory dwelling unit as their primary residence, and unless allowed by 050.A.3, the bedrooms rented to guests must be within the dwelling unit in which the resident resides. ~~The house must be at least 5 years old before a bed and breakfast facility is allowed.~~
3. Accessory dwelling units. The resident of an accessory short term rental on a site with an accessory dwelling unit may reside in the house, attached house or manufactured home and rent bedrooms to overnight guests in the accessory dwelling unit, or may reside in the accessory dwelling unit and rent bedrooms to overnight guests in the house, attached house, or manufactured home.



☐ Move to \_\_\_\_\_

**C. Monitoring**

*Motion options:*

☒ No further motion. Motion to amend the ordinance directives to require BPS to return with a monitoring report by September 2016 was introduced on June 4, and is shown in Attachment C.

☐ Move to not amend the ordinance.

☐ Move to \_\_\_\_\_

**New Amendments from June 24<sup>th</sup> Work Session**

**D. Primary Residence**

*Motion options:*

☐ Move to require resident to occupy the dwelling unit for at least 6 months (185 days), as shown in Attachment D - Option 1.

☒ Move to require resident to occupy the dwelling unit for at least 9 months (270 days), as shown in Attachment D - Option 2.

☐ Move to not amend the Recommended Draft.

☐ Move to \_\_\_\_\_

**E. Designees**

*Motion options:*

☒ Move to allow a resident's designee to operate the short-term rental, as shown in Attachment E.

☐ Move to not amend the Recommended Draft.

☐ Move to \_\_\_\_\_

**~~Finally, adopt the ordinance and amended Recommended Draft.~~**

~~Motion: Move to adopt the ordinance and the Recommended Draft, as amended.~~

**NEW AMENDMENTS FOR MAYOR**

**Multi-Dwelling Structures**

☒ Move to allow accessory short-term rentals in multi-dwelling structures beginning January 1, 2015.

**Owner's Signature**

☒ Move to require that the application for a Type A accessory short-term rental permit be signed by the resident, the property owner, and the president of the Home Owner's Association if one exists.





## Summary of Chapter 33.207 Accessory Short-Term Rental Regulations

Updated: May 7, 2014

	Type A (1 and 2 Bedrooms )	Type B (3 to 5 Bedrooms)
<b>1</b> Accessory Use	Allow as accessory to residential (Household Living) use. This means that the individual or family who operate the accessory short-term rental must occupy the unit as their primary residence.	
<b>2</b> Building Type	Allow in houses, attached houses, duplexes, manufactured homes on their own lots and Accessory Dwelling Units (ADUs).	
<b>3</b> Bedroom Requirements	Allow the operator to rent bedrooms that the Bureau of Development Services has verified: a. Met the building code requirements for sleeping rooms at the time they were created or converted; and b. Have smoke detectors that are interconnected with smoke detectors in adjacent hallways.	
<b>4</b> Process	<p>Allow 1 and 2 bedroom Accessory Short-Term Rentals by-right with an over-the-counter permit.</p> <p>Type A Accessory Short-Term Rental Permit:</p> <ul style="list-style-type: none"> <li>- Administrative permit</li> <li>- 1-2 week process</li> <li>- Inspection required</li> <li>- Renewal required every 2 years</li> <li>- Estimated fee: \$180</li> <li>- May be revoked for failure to comply with the regulations</li> </ul>	<p>Continue to allow 3 to 5 bedroom Accessory Short-Term Rentals through a Conditional Use Review.</p> <p>Type II Conditional Use Review:</p> <ul style="list-style-type: none"> <li>- Administrative land use decision</li> <li>- Appealable to Hearings Officer</li> <li>- 8-10 week process</li> <li>- Inspection required</li> <li>- Fee: \$4130</li> <li>- Approval does not need to be renewed</li> </ul>
<b>5</b> Required Notice	Operator sends a notice, including their contact information, to all recognized organizations and owners of property abutting or across the street from the residence.	Public notice sent to property owners and recognized organizations within 150 feet of the residence. for Type II Conditional Uses.
<b>6</b> Number of Guests	Maximum number of occupants is the same as what is currently allowed in a household. Household is defined as "One or more persons related by blood, marriage, domestic partnership, legal adoption or guardianship, plus not more than 5 additional persons, who live together in one dwelling unit..."	No zoning code maximum on number of occupants. Maximum number can be set through the Conditional Use Review.
<b>7</b> Home Occupations	Do not allow in conjunction with an Accessory Home Occupation. An Accessory Home Occupation is one where the residents use their home as a place of work, and either one employee or up to 8 customers a day come to the site.	
<b>8</b> Employees	<p>Do not allow nonresident employees.</p> <p>Allow hired service for normal maintenance of the residence or site, such as yard maintenance and housecleaning.</p>	Continue to allow nonresident employees for activities such as booking rooms and food preparation. Maximum number and activities of nonresident employees can be set through the conditional use process.
<b>9</b> Commercial Meetings	Do not allow commercial meetings.	<p>Continue to allow in multi-dwelling zones through a Type III Conditional Use.</p> <p>Continue to prohibit in single-dwelling zones.</p>
<b>10</b> Private Social Gatherings	No limit to the number of private social gatherings, consistent with all other residential uses.	



# Summary of RICAP 6 Accessory Short-Term Rentals Proposed Regulations

PSC Recommended Draft – May 7, 2014

*This handout summarizes the Zoning Code amendments proposed on pages 50-61 of the Regulatory Improvement Code Amendment Package 6 (RICAP 6) Recommended Draft. The Portland City Council will hold a hearing on this issue on June 4, 2014 at 2:00 pm.*

Recently, there has been a dramatic increase in the number of residences being rented informally on a short-term basis through internet sites such as Airbnb and Home Away. In Portland, for example, Airbnb lists over 1600 today, up from 107 in January 2011. The most common listings are from hosts who live on their property and offer a bedroom for rent on a nightly basis in their residence. This is a new way of providing visitor lodging accommodations and many cities are determining how to regulate these short-term rentals.

In Portland, rentals of less than 30 days are considered short-term and renting up to five bedrooms is allowed through the Bed and Breakfast Facility chapter of the Zoning Code. The process requires a Type II Conditional Use Review approval, which is a discretionary decision, costs \$4130, takes approximately eight to ten weeks to process, includes a public notice, and provides the ability to appeal staff's decision to Portland's Hearings Officer.

The recommended amendments offer 1- and 2-bedroom short-term rentals a less expensive and faster process, while ensuring that adjacent neighbors are notified of the activity. The key features of the proposed amendments are:

- Move the regulations in Chapter 33.212, Bed and Breakfast (B&B) Facilities to a new chapter: Chapter 33.207, Accessory Short-Term Rentals.
- Define Accessory Short-Term Rentals as one where "an individual or family resides in a house, attached house, duplex or manufactured home on its own lot and rents bedrooms to overnight guests."
- Distinguish Type A Accessory Short-Term Rentals (one- and two-bedroom rentals) from Type B Accessory Short-Term Rentals (three to five bedrooms).
- Provide a new by-right (non-discretionary) process and set of standards for Type A Accessory Short-Term Rentals, while retaining the existing Bed and Breakfast (B&B) Facilities process (Type II Conditional Use) for the Type B Accessory Short-Term Rentals.

4. Bedroom requirements. The operator of an accessory short-term rental can only rent bedrooms that the Bureau of Development Services has verified:
  - a. Met the building code requirements for sleeping rooms at the time they were created or converted; and
  - b. Have smoke detectors that are interconnected with smoke detectors in adjacent hallways.
  - c. Are located on the floor of a dwelling equipped with a functioning carbon monoxide alarm.



Portland, Oregon  
**FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT**  
**For Council Action Items**

(Deliver original to City Budget Office. Retain copy.)

1. Name of Initiator Morgan Tracy		2. Telephone No. (503) 823-6979	3. Bureau/Office/Dept. Planning and Sustainability
4a. To be filed (hearing date):  June 4, 2014	4b. Calendar (Check One)  <div style="display: flex; justify-content: space-around;"> <span>Regular <input checked="" type="checkbox"/></span> <span>Consent <input type="checkbox"/></span> <span>4/5ths <input type="checkbox"/></span> </div>		5. Date Submitted to Commissioner's office and CBO Budget Analyst: May 21, 2014
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed	

**1) Legislation Title:** Improve land use regulations related to accessory short-term rentals through the Regulatory Improvement Code Amendment Package 6 (RICAP 6) (Ordinance; Amend Title 33, Planning and Zoning and Title 3, Administration)

**2) Purpose of the Proposed Legislation:** The purpose of the legislation is to amend the existing regulations on Bed and Breakfast Facilities to call them Short-term Rentals, and to provide an alternative permitting process for the renting of 1-2 bedrooms as part of a household living use in a house, attached house, duplex, accessory dwelling unit or manufactured home on its own lot.

**3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?**

- |  |                                    |                                    |                                |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast             | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East  |
| <input type="checkbox"/> Central City                  |                                    |                                    |                                |

**FINANCIAL IMPACT**

**4) Revenue:** Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

The amendments reduce the type of review for a 1-2 bedroom short-term rental. The review changes from a discretionary conditional use review to an administrative permit review. This administrative permit will cost considerably less than a land use review, but incorporates much less staff time to complete. Noticing for the permit is the responsibility of the applicant and there is no report produced. The Bureau of Development Services establishes its fees based on cost recovery for the service provided, therefore these proposals do not affect the net revenue received.

**5) Expense: What are the costs to the City as a result of this legislation? What is the source of funding for the expense?**

The costs for administering this program will be programmed into the fees charged for the services provided. Services will include administrative review and building inspection. There is no increase in net expenditures anticipated as a result of the legislation.

**6) Staffing Requirements:**

- **Will any positions be created, eliminated or re-classified in the current year as a result of this legislation?** No. There may be some initial workload pressure during the initial roll out of the permit option since there is anticipated to be a backlog of applicants who wish to receive a permit. This increase will be handled by existing BDS staff.
- **Will positions be created or eliminated in *future years* as a result of this legislation?**  
No changes to staffing are anticipated in the future as a result of this legislation.

*(Complete the following section only if an amendment to the budget is proposed.)*

**7) Change in Appropriations**

None.

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

**[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]**

## PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☒ YES: Please proceed to Question #9.

☐ NO: Please, explain why below; and proceed to Question #10.

9) If “YES,” please answer the following questions:

**a) What impacts are anticipated in the community from this proposed Council item?** The proposal amends the zoning code for bed and breakfast facilities and creates a more streamlined, administrative review of short-term rentals of 1-2 bedrooms within a house or accessory dwelling unit. Currently there are over 1,000 of these units operating in the city, most illegally without the proper land use review. Generally, these illegal operations have not generated many code compliance cases, as less than 3% of compliance cases in 2013 involved short-term rentals. However, the proposal does make it easier for existing operations to become legal and provides a lower cost barrier of entry than the conditional use process for new short-term rentals of 1-2 bedrooms. Neighborhood concerns for these uses include increases in noise and traffic, and a decrease in security. The intent of these regulatory changes is to treat a 1-2 bedroom short-term rental similarly to other home occupations that include visitors, as these types of accessory occupations would have similar impacts.

**b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?** The short-term rental amendments are part of the workplan for RICAP 6, which was adopted by the Planning and Sustainability Commission after a public hearing on August 13, 2013. Staff began meeting with certain stakeholders including neighborhood land use chairs, the Regional Arts and Culture Commission (RACC) and the Development Review Advisory Council (DRAC) during development of the workplan and initial issue research. A public Discussion Draft was published on January 6, 2014 with a 6 week comment period. Public notice was sent to over 750 recipients, and emails were sent to over 360 people. During this period, staff met with the Design Commission, Historic Landmarks Commission, the Planning and Sustainability Commission, six neighborhood district coalitions, and two neighborhood associations. Staff held a public open house on February 11, 2014 which was attended by approximately 75 people. During this period, staff received over 100 written comments. The vast majority of the interest and comments were on the short-term rental amendments. These comments were reviewed by staff and minor amendments were made to the code proposal.

Notice of the *Proposed Draft* and PSC public hearing was sent to 771 recipients 30 days prior to the public hearing date to provide the public sufficient opportunity to review the proposal and to deliver testimony on the proposed code amendments to the PSC.

On April 22, 2014, the Planning and Sustainability Commission (PSC) held a public hearing with approximately 90 people in attendance. The Commission received 102 written letters and emails and heard oral testimony from 37 attendees. Nearly all of the written and oral testimony was on the short term rental portion of the proposal. The testimony and discussion lasted for nearly four

hours. The PSC recommended the approval of the staff proposed code changes with only minor amendments.

**c) How did public involvement shape the outcome of this Council item?**

Several refinements were made to the proposal through public comments and testimony received during the legislative process. At the PSC hearing, the PSC requested an amendment to the definition of household. In addition, the testimony is expected to lead to additional information that will be included in the permit application form and handouts for the short-term rentals.


**d) Who designed and implemented the public involvement related to this Council item?** The Bureau of Planning & Sustainability staff designed and implement the public involvement process.

**e) Primary contact for more information on this public involvement process (name, title, phone, email):**

Morgan Tracy, City Planner – [morgan.tracy@portlandoregon.gov](mailto:morgan.tracy@portlandoregon.gov) (503) 823-6879

**10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.**

Additional informational materials will be developed to assist the public in understanding and complying with the regulations. However, no additional public outreach is anticipated following adoption.



BPS DIRECTOR, Susan Anderson

ORDINANCE No.

This document was substituted  
with a revised version.  
See final document:

186736

*As Amended 6-4*

Improve land use regulations related to accessory short-term rentals through the Regulatory Improvement Code Amendment Package 6 (Ordinance; amend Code Title 3 and Title 33)

The City of Portland Ordains:

Section 1. The Council finds:

## General Findings

1. This project is part of the Regulatory Improvement Workplan, an ongoing program to improve City building and land use regulations and procedures. Each package of amendments is referred to as RICAP (Regulatory Improvement Code Amendment Package), followed by a number. This ordinance pertains to the amendment items addressing short-term rentals contained in RICAP 6 and identified as items 12 -14.
2. During the spring and summer of 2013, staff from the Bureau of Planning and Sustainability (BPS) and the Bureau of Development Services (BDS) worked together to develop a draft work plan for RICAP 6. Potential code amendments were drawn from a database that contains regulatory improvement requests.
3. On July 25, 2013, notice was sent to all neighborhood associations, neighborhood coalitions, and business associations in the city of Portland, as well as other interested parties, to notify them of the Planning and Sustainability Commission hearing on the *RICAP 6 Proposed Workplan*.
4. On August 13, 2013 the Planning and Sustainability Commission held a hearing and adopted the RICAP 6 work plan. The adopted work plan included 42 potential code amendment items. Three items were added after August 13, 2013, for a total of 45 potential code amendment items.
5. During the summer and fall of 2013, BPS staff conducted research, met with neighborhood land use chairs, and worked with BDS staff and staff from other City agencies to develop a proposal for each of the 45 potential code amendments. Thirty-four of the initial 45 work plan items were determined to warrant an amendment to the City Code; 11 of the initial 45 were determined to not warrant an amendment to City Code. Thirty-one of the 34 proposed code amendment items relate to technical or minor policy issues, and three of the code amendment items relate to short-term rentals. This ordinance pertains to the three items related to short-term rentals (items 12-14); the remaining items are the subject of a separate ordinance.
6. On March 18, 2014 notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-018-0020 and ORS 197.610.
7. On March 20, 2014 notice of the RICAP 6 proposal and the April 22, 2014 Planning and Sustainability Commission hearing on the proposal was mailed to all neighborhood associations, neighborhood coalitions, and business associations in the city of Portland, as well as other interested persons, as required by ORS 227.186 and PCC 33.740.

8. On April 22, 2014 the Planning and Sustainability Commission held a hearing on the *RICAP 6 Proposed Draft*. The Planning and Sustainability Commission made four amendments to the proposal, and then voted to recommend approval of the RICAP 6 proposed code amendment items and to forward them to City Council for adoption.
9. On May 13, 2014 notice of the June 4, 2014 City Council hearing on RICAP 6 was mailed to all who presented testimony orally or in writing to the Planning and Sustainability Commission and provided a name and address, those who asked for notice, and other interested parties.

## Findings on Statewide Planning Goals

10. State planning statutes require cities to adopt and amend comprehensive plans and land use regulations in compliance with state land use goals. Only the stated goals addressed below apply.
11. **Goal 1, Citizen Involvement**, requires provision of opportunities for citizens to be involved in all phases of the planning process. The preparation of these amendments has provided several opportunities for public involvement. The amendments are supportive of this goal for the following reasons:
  - a) Staff from the Bureau of Planning and Sustainability met with the Development Review Advisory Committee (DRAC) and the land use chairs of the city's neighborhood coalition offices on July 15, 2013, to review potential items for inclusion in the RICAP 6 work plan.
  - b) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Proposed Workplan* was made available to the public for review on July 24, 2013. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
  - c) The Planning and Sustainability Commission held a public hearing on the RICAP 6 proposed work plan on August 13, 2013. Notice of the hearing was mailed to all neighborhood associations, neighborhood coalitions, business associations, and other interested parties on July 25, 2013.
  - d) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Discussion Draft* was made available to the public for review on January 6, 2014. The report was posted on the City's regulatory improvement program website, and mailed to all who requested a copy.
  - e) Notice of the RICAP 6 discussion draft was also mailed on January 8, 2014 to over 750 recipients, including neighborhood associations, neighborhood coalitions, business associations, and other interested parties. The notice included the dates, times and locations of neighborhood association or neighborhood coalition meetings, and a BPS sponsored open house, during which project staff presented the draft for discussions and questions.
  - f) Project staff attended six neighborhood coalition meetings, and two neighborhood association meetings between January 6, and February 21, 2014. The RICAP 6 discussion draft report was presented and discussed at each of these meetings

- g) Project staff presented the RICAP 6 discussion draft report at one Design Commission meeting, one Historic Landmarks Commission meeting, and one Planning & Sustainability Commission meeting.
- h) Project staff were available to discuss the RICAP 6 discussion draft at an open house held on February 11, 2014 from 5:00 pm to 7:30 pm.
- i) On March 18, 2014 notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-018-0020 and ORS 197.610.
- j) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Proposed Draft* was made available to the public for review on March 21, 2014. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
- k) The Planning and Sustainability Commission held a public hearing on the RICAP 6 proposed draft on April 22, 2014. Notice of the hearing was mailed to the regional transit agency, Metro, the Oregon Department of Transportation, all neighborhood associations, neighborhood coalitions, business associations, affected bureaus, and other interested parties on March 20, 2014, as required by ORS 227.186 and PCC 33.740. The Planning and Sustainability Commission made four amendments to the proposed draft and voted to recommend the amendments be approved and forwarded to the city council for adoption.
- l) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Recommended Draft* was made available to the public for review on May 19, 2014. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
- m) City Council held a public hearing on the RICAP 6 recommended draft on June 4, 2014. Notice of the hearing was mailed on May 13, 2014 to all who testified orally or in writing at the Planning and Sustainability Commission hearing, and to other persons who requested such notice.

The findings addressing Portland Comprehensive Plan Goal 9, Citizen Involvement, and its related policies also demonstrate consistency with this goal.

12. **Goal 2, Land Use Planning**, requires the development of a process and policy framework that acts as a basis for all land use decisions and assures that decisions and actions are based on an understanding of the facts relevant to the decision. The process for identifying and adopting the RICAP 6 accessory short-term rental amendments (RICAP items 12-14) supports this goal for the following reasons:

- The process followed all procedures required by Title 33.740, Legislative Procedures, OAR 660-018-0020, ORS 227.186 and ORS 197.610;
- The amendments meets relevant goals and policies of the City's adopted Comprehensive Plan as described in the findings for Portland's Comprehensive Plan Goals and Policies;
- The amendments are based on relevant facts in the record including an estimate of the number of accessory short-term rentals being operated in the city; the number of complaints received about unauthorized accessory short-term rentals; a review of policies and regulations related to accessory short-term rentals being implemented in New York City, NY, San Francisco, CA, Cannon Beach, OR, Ashland, OR, Austin, TX, and Amsterdam, The Netherlands; a survey of accessory short-term rentals operators in Portland conducted by Airbnb; a review of several accessory short-term rental websites; a review of relevant City and State regulations pertaining to lodgings and lodging taxation; and testimony in the record.



See also findings addressing Portland Comprehensive Plan Goal 1, Metropolitan Coordination, and its related policies and objectives.

13. **Goal 5, Open Space, Scenic and Historic Areas, and Natural Resources**, requires the conservation of open space and the protection of natural, historic and scenic resources. These amendments are consistent with this goal because they eliminate the need for a conditional use review for accessory short-term rental facilities that rent up to two bedrooms to overnight guests. By eliminating the cost and time associated with a conditional use review, the amendments facilitate use of a historic home as an accessory short-term rental, and the income generated from the accessory use may allow the owner to invest in maintaining, and therefore protecting, the historic home. The findings for Portland Comprehensive Plan Policy 2.21, Existing Housing Stock, also demonstrate that the amendments are consistent with this goal.
14. **Goal 9, Economic Development**, requires provision of adequate opportunities for a variety of economic activities vital to public health, welfare, and prosperity. These amendments are consistent with this goal by removing a cost barrier to establishing an accessory Type A short-term rental in a house, attached house, duplex, or manufactured home on its own lot, thereby encouraging the use of these types of dwelling units for economic activity. The findings for Portland Comprehensive Plan Goal 5, Economic Development also demonstrate that the amendments are consistent with this goal.
15. **Goal 10, Housing**, requires provision for the housing needs of citizens of the state. The findings for Portland Comprehensive Plan Goal 4, Housing, and relevant sub-policies and objectives, demonstrate that the amendments are consistent with Goal 10.
16. **Goal 12, Transportation**, requires provision of a safe, convenient, and economic transportation system. The findings for Portland Comprehensive Plan Goal 6, Transportation, and relevant sub-policies demonstrate that the amendments are consistent with Goal 12.
17. **The Oregon Transportation Planning Rule (TPR)** was adopted in 1991 and amended in 1996, 2005 and 2012 to implement State Goal 12. The TPR requires certain findings if a proposed Comprehensive Plan Map amendment, zone change, or regulation will significantly affect an existing or planned transportation facility.  
  
These amendments will not have a significant effect on existing or planned transportation facilities because, as demonstrated in the findings for Portland Comprehensive Plan Goal 6 and related sub-policies, the amendments ensure that the number of trips generated by a household living use with an accessory short-term rental use will not exceed the number of trips generated by a household living use without an accessory short-term rental.
18. **Goal 14, Urbanization**, requires provision of an orderly and efficient transition of rural lands to urban use, the efficient use of land, and the provision of livable communities. The findings for Portland Comprehensive Plan Goal 2, Urban Development, Goal 3, Neighborhoods, and their relevant sub-policies demonstrates that these amendments provide for livable communities and are therefore consistent with this goal.

## Findings on Metro Urban Growth Management Functional Plan

19. The following elements of the Metro Urban Growth Management Functional Plan are relevant and applicable to the accessory short-term rental amendments.

20. **Title 1, Housing Capacity**, requires cities and or counties to maintain or increase its housing capacity. This requirement is to be generally implemented through city-wide analysis based on calculated capacities from land use designations. These amendments are consistent with this title because they do not allow conversion of a housing unit in a residential zone to a motel or other commercial use as some testimony suggests. The amendments ensure that the short-term rental use remains accessory to the primary household living use on a site. The findings for Portland Comprehensive Plan Goal 4, Housing, and relevant sub-policies also demonstrate that these amendments are consistent with this title.
21. **Title 4, Industrial and other Employment Areas**, seeks to provide and protect a supply of sites for employment by limiting the types and scale of non-industrial uses in Regionally Significant Industrial Areas (RSIAs), Industrial and Employment Areas. Title 4 also seeks to provide the benefits of "clustering" to those industries that operate more productively and efficiently in proximity to one another than in dispersed locations. These amendments do not increase the type or scale of non-industrial uses allowed in RSIAs, Industrial or General Employment zones for the reasons stated below:
- The amendments allow establishment of a Type A (one or two bedroom) accessory short-term rental in a house, attached house, duplex, or manufactured home that also has a primary household living use;
  - A short-term rental (temporary lodging) is currently allowed outright in an Industrial or General Employment zone. Up to one Retail Sales and Service use, with maximum of 3,000 square feet, is allowed in an IG1 zone, up to four Retail Sales and Service uses, with a maximum of 3,000 square feet each, are allowed in the IG2 and IH zones, and up to 60,000 square feet of Retail Sales and Service use, or up to an FAR of 1:1, is allowed in the EG zones; and
  - Assuming an accessory short-term rental could be characterized as a Retail Sales and Service use, it is highly likely that the total square footage of the one or two bedrooms being rented in Type A accessory short-term rental is less than the 3,000 to 60,000 square feet of Retail Sales and Service use allowed outright by the base zones, therefore the amendments do not increase the intensity or amount of a non-industrial use allowed in an Industrial zone.

For these reasons, the amendments do not conflict with Title 4.

22. **Title 7, Housing Choice**, ensures opportunities for affordable housing at all income levels, and calls for a choice of housing types. The findings for Portland Comprehensive Plan Goal 4, Housing, Policy 4.2, Maintain Housing Potential, Policy 4.8, Regional Housing Opportunities, Policy 4.9, Fair Housing, Policy 4.10, Housing Diversity, and 4.11, Affordable Housing demonstrate that the amendments are consistent with this title.
23. **Title 12, Protection of Residential Neighborhoods**, calls for protecting the region's existing residential neighborhoods from air and water pollution, noise and crime, and providing adequate levels of public services. Testimony in the record suggests that the amendments will introduce "'stranger danger'..." into single-dwelling neighborhoods and render Neighborhood Watch programs ineffective. No evidence was provided to demonstrate that allowing Type A accessory short-term rentals without a conditional use review will reduce the safety of, or increase crime in, residential neighborhoods. On the contrary, the City of Portland Crime Prevention Program Manager provided written testimony stating the following: "The community member who has stated that short term rentals would destroy her Neighborhood Watch because it would bring strangers to her street misses the point of our instructions to get to know one's neighbors. The point of knowing one's neighbors is not to exclude everyone else, but to have a network. A neighborhood network can thrive whether or not guests or strangers are present. In short, I do not agree with the argument that short term rentals would nullify existing Neighborhood Watches." The Council finds the Program Manager's testimony

is credible and persuasive that the amendments are consistent with Title 12. The findings for Portland Comprehensive Plan Goal 8, Environment demonstrate that the amendments will limit potential impacts from noise.

## **Findings on Portland's Comprehensive Plan Goals**

24. The following goals, policies, and objectives of the Portland Comprehensive Plan are relevant and applicable to the accessory short-term rentals amendments.

### **GOAL 1, METROPOLITAN COORDINATION**

25. **Goal 1, Metropolitan Coordination**, calls for the Comprehensive Plan to be coordinated with federal and state law and to support regional goals, objectives and plans. The amendments are consistent with this goal because notification of the proposal, and an opportunity to provide comment at a public hearing before the Planning and Sustainability Commission, was provided to the Oregon Department of Land Conservation and Development per ORS 197.610, and to Metro, Tri-Met, and the Oregon Department of Transportation per 33.740.020. In addition, nothing within these amendments changes or affects the Urban Growth Boundary, Urban Planning Area Boundary, or Urban Services Boundary.

### **GOAL 2, URBAN DEVELOPMENT**

26. **Goal 2, Urban Development, and Policy 2.2, Urban Diversity** call for maintaining Portland's role as the major regional employment and population center through public policies that encourage expanded opportunity for housing and jobs, while retaining the character of established residential neighborhoods and business centers. The amendments are consistent with this goal because they encourage expanded opportunity for home-based jobs, while retaining the character of existing residential neighborhoods. An accessory short-term rental is where a long-term resident rents bedrooms in the dwelling to overnight guest. An accessory short-term rental use is currently allowed in residential zones as a conditional use, and approval of an accessory short-term rental facility requires a quasi-judicial conditional use review. These amendments establish Type A (one or two bedrooms) and Type B (three to five bedrooms) accessory short-term rental, and eliminate the need for a conditional use review in order to establish a Type A facility in a house, attached house, duplex, or manufactured home on its own lot. A Type B facility will continue to require a conditional use review. Operating an accessory short-term rental is a home-based occupation, and the elimination of the \$4,130 conditional use review application fee (fee as of May 2014) will encourage this type of job. In addition to encouraging home-based jobs, the amendments address neighborhood character by ensuring that the short-term rental remains an accessory use to the primary household living use on a site. This is accomplished by:
- Ensuring that full house rental is not allowed.
  - Requiring that the operator reside in the dwelling unit in which the rooms will be rented, and requiring that the dwelling unit be the operators primary residence. On sites that have an accessory dwelling unit (ADU), the operator of a Type A accessory short-term rent may reside in the primary residence and rent rooms in the ADU or vice versa;
  - Limiting Type A accessory short-term rentals to renting no more than two bedrooms to overnight guests, and requiring a conditional use review for facilities that rent more than two bedrooms per night;
  - Limiting impacts by prohibiting the establishment of a Type B accessory home occupation in a dwelling unit with an accessory short-term rental. A Type B accessory home occupation is one in

which the resident uses their home as place of work, and has one employee or up to eight customers per day;

- Prohibiting non-resident employees and commercial meetings in a Type A accessory short-term rental;
- Limiting the total number of guests and residents occupying a dwelling with an accessory short-term rent to no more than the number allowed for a household (per 33.910.030; one or more persons related by blood, marriage, legal adoption, guardianship, or domestic partnership plus not more than 5 other persons). This provision ensures that the number of residents and guests coming and going from the home with bedrooms rented on a short-term basis does not exceed the number of residents allowed to come and go from other homes in the neighborhood that do not operate an accessory short-term rental; and
- Allowing the Type A accessory short-term rental permit to be revoked for failure to comply with the regulations of 33.207.

27. **Policy 2.9, Residential Neighborhoods**, calls for allowing for a range of housing types to accommodate increased population growth while improving and protecting the city's residential neighborhoods. The amendments are consistent with this policy because they continue to allow a range of housing types in the city, and they include provisions that protect the safety of the city's residential neighborhoods as described in the findings for Goal 2, Urban Development. Testimony in the record suggests that the amendments do not protect residential neighborhoods because they do not limit accessory short-term rentals to owner-occupied dwelling units. It is a fact that the amendments will allow either the property owner or a long-term renter to operate an accessory short-term rental as long the dwelling unit is the operators primary residence, and, except in the case of an ADU, the operator lives in the dwelling unit in which the rooms will be rented. In the event that the operator of the accessory short-term rental is a long-term renter rather than the property owner, the amendments require that the property owner be notified before the accessory short-term rental facility is approved. There is no evidence in the record to support the claim that allowing a long-term renter to operate an accessory short-term rental will compromise neighborhood safety, destabilize residential neighborhoods, or otherwise fail to protect the city's residential neighborhoods. In addition, this issue was discussed at the Planning and Sustainability Commission hearing, and the Commissioners could find no rational basis to treat long-term renters differently than resident owners.

28. **Policy 2.14, Industrial Sanctuaries**, calls for providing industrial sanctuaries and encouraging the growth of industrial activities by preserving industrial land primarily for manufacturing purposes. For the reasons stated below, these amendments are consistent with this policy because they do not increase the type or scale of non-industrial uses allowed in the Industrial Sanctuaries:

- The amendments allow establishment of a Type A (one or two bedroom) accessory short-term rental in a house, attached house, duplex, or manufactured home that also has a primary household living use;
- A short-term rental (temporary lodging) is currently allowed outright in the city's Industrial zones. Up one Retail Sales and Service use, with maximum of 3,000 square feet, is allowed in an IG1 zone, and up to four Retail Sales and Service uses, with a maximum of 3,000 square feet each, are allowed in the IG2 and IH zones; and
- It is highly likely that the total square footage of the one or two bedrooms being rented in Type A accessory short-term rental is less than the 3,000 to 12,000 square feet of Retail Sales and Service use allowed outright by the base zones, therefore the amendments do not allow an increase in the intensity or amount of a non-manufacturing use in an Industrial zone.

The findings for Title 4 also demonstrate that the amendments are consistent with this policy.

29. **Policy 2.15, Living Closer to Work**, calls for locating greater residential densities near major employment centers, locating affordable housing close to employment centers, and encouraging home-based work where the nature of the work is not disruptive to the neighborhood. As described in the findings for Goal 2, Urban Development, the amendments encourage home-based work, and include provisions that will protect neighborhoods. Accessory short-term rentals are currently allowed as a conditional use in residential zones. These amendments establish a Type A and Type B accessory short-term rental, and eliminate the need for a conditional use review in order to establish a Type A accessory short-term rental in a house, attached house, duplex, or manufactured home on its own lot. A Type A accessory short-term rental is one where no more than two bedrooms are rented on a short-term basis. A Type B accessory short-term rental allows renting up to 5 bedrooms to overnight guests, and will continue to require a conditional use review. Operating an accessory short-term rental is a home-based occupation, and the elimination of the conditional use review fee (\$4130 application fee as of May 2014) will encourage this type of job. The amendments also include provisions that limit disruption in the neighborhood:

- The amendments ensure that the short-term rental remains an accessory use to the primary household living use on the site by limiting the number of bedrooms rented, requiring that the operator reside in the dwelling unit in which the rooms will be rented, and requiring that the dwelling unit be the operator's primary residence;
- The amendments limit the total number of guests and residents occupying a dwelling unit to no more than the number allowed for a household. A household is defined as one or more persons related by blood, marriage, legal adoption, guardianship, or domestic partnership plus not more than 5 other persons (per 33.910.030). This limitation ensures that the number of residents and guests coming and going from a dwelling in which bedrooms are rented on a short-term basis does not exceed the number of residents allowed to come and go from other homes in the neighborhood that do not operate an accessory short-term rental;
- The amendments include a requirement that the operator of the accessory short term rental notify neighbors and the property owner of the accessory use. The notice must describe the operation and the number of bedrooms to be rented to overnight guests, provide contact information, and describe how the regulations of 33.207 will be met. In addition, the notification must be updated every two years;
- The amendments prohibit the establishment of a Type B accessory home occupation in a dwelling unit with an accessory short-term rental. This will limit the impacts that more than one home-based accessory occupations could have on a neighborhood. A Type B accessory home occupation is one in which the resident uses their home as place of work, and has one employee or up to eight customers per day. Type A accessory home occupations where a resident uses their home as a home office but does not have employees or customers will continue to be allowed;
- The amendments prohibit non-resident employees and commercial meetings in a Type A accessory short-term rental; and
- The amendments allow a Type A accessory short-term rental permit to be revoked for failure to comply with the regulations of 33.207.

Testimony in the record suggests that the amendments do not support this policy because they will reduce the availability of long-term, affordable rental housing. The testimony is not relevant to Policy 2.15, which is focused on promoting, as its title states, living close to work. Policy 2.15 is not an affordable housing policy. In addition, no evidence was provided that demonstrates a relationship between allowing the type of short term rentals the amendments will permit and the loss of long term housing. The amendments do not allow an entire dwelling unit to be rented; they only allow unused bedrooms to be rented on a short-term basis. The amendments require that the operator live in the dwelling unit (except in the case of a site with an ADU), limit the number of bedrooms that can be

rented, and do not allow accessory short-term rentals in multi-dwelling structures (structures with 3 or more units). These provisions are intended to ensure that housing units, including long term rental housing units, are not removed from the market.

30. **Policy 2.21 Existing Housing Stock**, calls for providing full utilization of larger single-family homes with conditions that preserve the character of the neighborhood and prevent speculation. The amendments are consistent with this policy. Accessory short-term rentals are currently allowed in houses in residential zones as a conditional use. Approval of a facility requires a quasi-judicial conditional use review. These amendments eliminate the need for a conditional use review for facilities that rent up to two bedrooms to overnight guests. By eliminating the cost and time associated with a conditional use review, the amendments facilitate the full utilization of unused bedrooms in larger single-family homes. These amendments also preserve the character of the neighborhood, thus preventing speculation, because the amendments do not allow full house rental, and they include provisions that ensure the short-term rental remains an accessory use to the primary household living use on a site. This is accomplished by:

- Ensuring that full house rental is not allowed. The amendments require that the operator reside in the dwelling unit in which the rooms will be rented, and require that the dwelling unit be the operators primary residence. On sites that have an accessory dwelling unit (ADU), the operator of a Type A accessory short-term rental may reside in the primary residence and rent bedrooms in the ADU or vice versa;
- Limiting Type A accessory short-term rentals to offering no more than two bedrooms to overnight guests, and requiring a conditional use review, which includes notice and a public hearing, for facilities that rent more than two bedrooms per night;
- Limiting the total number of guests and residents occupying a dwelling unit to no more than the number allowed for a household (per 33.910.030: one or more persons related by blood, marriage, legal adoption, guardianship, or domestic partnership plus not more than 5 other persons). This provision ensures that the number of residents and guests coming and going from a dwelling with an accessory short-term rental does not exceed the number of residents allowed to come and go from other homes in the neighborhood that do not operate an accessory short-term rental;
- Requiring that the operator of the accessory short term rental notify neighbors and the property owner of the accessory use. The notification must describe the operation and the number of bedrooms to be rented to overnight guests, provide contact information, and describe how the requirements of 33.207 will be met. In addition, the notification must be updated every two years;
- Limiting the impacts from more than one home-based accessory occupations. The amendments prohibit the establishment of a Type B accessory home occupation in a dwelling unit with an accessory short-term rental. A Type B accessory home occupation is one in which the resident uses their home as place of work and has one employee or up to eight customers per day;
- Prohibiting non-resident employees and commercial meetings in a Type A accessory short-term rental; and
- Allowing the Type A accessory short-term rental permit to be revoked for failure to comply with the regulations of 33.207.

Testimony in the record states that allowing short-term rentals in single-dwelling neighborhoods will increase speculation. The testimony does not provide evidence to support the conclusion. The testimony posits that the “active turnover of users” will contribute to speculation. However, as stated above, the amendments limit the total number of residents and guests occupying the dwelling unit to the same number allowed to occupy a dwelling without an accessory short-term rental. Thus, the number of “users” coming and going from the dwelling can be no more than the number that can come and go from neighboring dwellings, and there is no evidence in the record to suggest that the number of trips made to and from a dwelling with an accessory short-term rental will be more than

the number of trips made to and from a dwelling without a short-term rental. In addition, as mentioned above, the amendments prohibit the establishment of a Type B accessory home occupation in a dwelling with an accessory short-term rental. A Type B accessory home occupation allows up to eight customers coming and going per day. Eliminating this allowance further reduces the number of potential trips that a dwelling with an accessory short-term rental could generate.

### GOAL 3, NEIGHBORHOODS

31. **Goal 3, Neighborhoods**, calls for preserving and reinforcing the stability and diversity of the city's neighborhoods while allowing for increased density in order to attract and retain long-term residents and businesses and insure the city's residential quality and economic vitality. The amendments are consistent with this goal and preserve the stability of the city's neighborhoods for the reasons stated in the findings for Goal 2, Urban Development, the Goal 2 sub-policies, and the findings below.
32. **Policy 3.2, Social Conditions**, call for providing and coordinating programs to promote neighborhood interest, concern and security and to minimize the social impact of land use decisions. The amendments promote neighborhood interest and concern because they require the operator to notify neighbors before the accessory short-term rental is approved. The notification must include a description of the operation and the number of rooms to be rented to overnight guests. The notification must also include contact information for the operator and describe how the standards of the Title 33.207 will be met. This notification must be updated every two years. The amendments also address neighborhood concern and security because they include an amendment to Title 33.30.040.B.5 allowing the Type A accessory short-term rental permit to be revoked for failure to comply with the regulations of Title 33.207. If the permit is revoked, a new permit will not be issued to the operator or anyone living in the dwelling with the operator for two years. Testimony in the record suggests that the amendments conflict with this policy because they do not provide full disclosure of the impacts of the use, make rental properties available mainly to "well-to-do Caucasian ambulatory tourists and visitors", promote discrimination, and displace residents. No evidence was provided to support these conclusions. Additionally, the issues raised in the testimony are not relevant to the policy in question. Policy 3.2 is aimed at City programs that promote neighborhood interest, and is not aimed at discrimination or displacement.
33. **Policy 3.3 Neighborhood Diversity**, calls for promoting neighborhood diversity and security by encouraging a diversity in age, income, race and ethnic background within the City's neighborhoods. The amendments are consistent with this policy. The amendments eliminate the need for a conditional use review in order to establish a Type A accessory short-term rental. By eliminating the cost and time associated with a conditional use review, the amendments reduce barriers to establishing this type of home-based occupation. The income generated by the accessory short-term rental may help owners and renters reduce household expenses, including costs associated with rent or a mortgage. According to a survey of accessory short-term rental operators in Portland, the typical host earns an average of \$6,860 per year. Fourteen of the 36 operators of accessory short-term rental facilities who testified at the Planning and Sustainability Commission hearing stated that the income generated from the short-term rental allowed them to remain in their home during times of financial hardship.

Other testimony in the record suggests that the amendments conflict with this policy because they do not provide full disclosure of the impacts of the use, they make rental properties available mainly to "well-to-do Caucasian ambulatory tourists and visitors", they promote discrimination, and displace residents. No evidence was provided to support these conclusions. As mention in the findings for Policy 3.2, Social Conditions, the amendments promote neighborhood interest and concern by requiring notification to neighbors, and local neighborhood and business associations, and by allowing a Type A accessory short-term rental permit to be revoked if the regulations of Title 33.207



are not met. Additionally, the findings for Policy 4.9, Fair Housing, demonstrate that the amendments do not promote discrimination. The amendments are intended to discourage unintended displacement of long-term residents because they do not allow the entire dwelling to be rented on a short-term basis, they ensure that the use remains accessory to the primary household living use on the site, and they ensure that only homes with long-term residents are allowed to accommodate overnight guests. The regulations specifically limit the number of bedrooms that can be rented on a short-term basis, require the operator to reside in the dwelling where the rooms will be rented (except that on a site with an ADU, the operator may live in the primary dwelling live and rent rooms in the ADU or vice versa), and require that the dwelling be the operators primary residence.

34. **Policy 3.5, Neighborhood Involvement**, provides for the active involvement of neighborhood residents and businesses in decisions affecting their neighborhood, and calls for providing information to neighborhood and business associations which allows them to monitor the impacts of the Comprehensive Plan. The amendments support this policy because they require that neighborhood associations and business associations be notified when a Type A accessory short-term rental is established within their boundaries. The notification will provide the associations with contact information for the operator, a description of the operation and the number of rooms to be rented to overnight guests, and a description of how the operation meets the other standards of Title 33.207.

#### GOAL 4, HOUSING

35. **Goal 4, Housing**, calls for enhancing Portland's vitality as a community at the center of the region's housing market by providing housing of different types, density, sizes, costs and locations that accommodates the needs, preferences, and financial capabilities of current and future households. The amendments are consistent with this policy because they include provisions aimed at preserving housing, and the amendments accommodate the needs and preferences of current households. The amendments preserve housing by prohibiting the conversion of an entire housing unit in a residential zone to a motel or other commercial use as some testimony suggests. In all cases, an accessory short-term rental must be an accessory use to a primary household living use on a site. The regulations:
- Require that the operator of the accessory short-term rental reside in the dwelling unit in which the rooms will be rented. On sites that have an accessory dwelling unit (ADU), the operator of a Type A accessory short-term rental may reside in the primary residence and rent bedrooms in the ADU or vice versa;
  - Require that the dwelling unit be the operators primary, long-term residence;
  - Limit the number of bedrooms being rented to overnight guests to not more than two, and require a conditional use review for facilities that rent more than two bedrooms per night.

The amendments also accommodate the needs and preference of current households as expressed by people who provided testimony on the amendments to the Planning and Sustainability Commission. The Planning and Sustainability Commission received testimony from 36 people who rent a bedroom in their homes to overnight guests. Many of the 36 testified that renting a room to guests has allowed them to increase their income, and 14 of the 36 testified that the additional income has allowed them to stay in their homes.

36. **Policy 4.2, Maintain Housing Potential**, calls for retaining housing potential by requiring no net loss of land reserved for, or committed to, residential, or mixed-use. This policy is implemented by an approval criterion applied to quasi-judicial Comprehensive Plan Map Amendments that requires no net loss of potential housing units when a requested amendment is from a residential or the urban commercial Comprehensive Plan Map designation to a non-residential map designation (33.810.050.A.2). These amendments do not conflict with this policy because they do not amend, change, or undermine this approval criterion. Testimony in the record argues that the amendments

conflict with this policy because they “effectively permit commercial uses in direct conflict with Housing Policy 4.2.” No evidence was provided to support this conclusion. As stated in the findings for Goal 4, Housing, the amendments do not allow housing units in residential zones to be converted from residential to commercial use. The amendments specifically require that the short-term rental be accessory to a primary household living use on a site and, as a result, help to maintain the residential character of existing neighborhoods. The regulations:

- Require that the operator of the accessory short-term rental reside in the dwelling unit in which the rooms will be rented. On sites that have an accessory dwelling unit (ADU), the operator of a Type A accessory short-term rental may reside in the primary residence and rent bedrooms in the ADU or vice versa;
- Require that the dwelling unit be the operators primary, long-term residence;
- Limit Type A accessory short-term rentals to renting no more than two bedrooms to overnight guests, and requiring a conditional use review for facilities that rent more than two bedrooms per night.

37. **Policy 4.4 Housing Safety**, calls for ensuring a safe and healthy built environment and assisting in the preservation of sound existing housing and the improvement of neighborhoods. These amendments support this policy because they require the operator of an accessory short-term rental to verify that the bedrooms to be rented met the building code requirements for sleeping rooms at the time they were created or converted, and that each bedroom has at least one a carbon monoxide detector, and has a smoke detector that is interconnected with smoke detectors in an adjacent hallway. These requirements are intended to ensure that guest can exit the dwelling rapidly and safely in the event of a fire or other emergency.

These amendments also support the preservation of sound housing because they make it easier for a long-term resident to establish a Type A accessory short-term rental in the house, attached house, duplex, or manufactured home in which they live. A Type A accessory short-term rental is a home-based occupation that will generate income for the operator, increasing the chances that the operator will invest in improvements that keep the home sound. Testimony in the record argues that the amendments conflict with this policy because they will establish “commercial uses as a ‘by-right’ in all Single Dwelling residential zones...”, because they do not allow neighbors the opportunity to comment, and because they conflict with Neighborhood Watch activities promoted by the Office of Neighborhood Involvement. As stated in the findings for Policy 4.2, Maintain Housing Potential, these amendments do not allow housing units in a residential zones to be converted from residential to commercial use. As stated in the findings for Policy 3.2, Social Conditions and Policy 3.5, Neighborhood Involvement, the establishment of an accessory short-term rental requires notification to neighbors, neighborhood associations, and business associations. Issues raised in the testimony regarding Neighborhood Watch activities are not relevant to this policy, as Policy 4.4 is directed at the safety of the housing structure.

38. **Policy 4.5, Housing Conservation**, calls for restoring, rehabilitating, and conserving existing sound housing as one method of maintaining housing as a physical asset that contributes to an area’s desired character. These amendments are consistent with this policy because they eliminate a \$4,130 cost barrier (current cost of a Type II conditional use review) to establishing a Type A accessory short term rental. The absence of the fee may encourage more homeowners to take advantage of this type of home-based occupation, and increase their income by an average of \$6,860 per year (Airbnb survey 2014). The income generated from the accessory short-term rental may allow the homeowner to restore or rehabilitate their home, thereby conserving existing sound housing.
39. **Policy 4.7, Balanced Communities**, call for livable mixed-income neighborhoods throughout Portland that collectively reflect the diversity of housing types, tenures (rental and ownership) and

income levels of the region. Testimony in the record suggests that the amendments conflict with this policy and policy objective B, which calls for maintaining income diversity within neighborhoods by allowing a mix of housing types and tenures, and ensuring that income diversity is maintained over the long-term. The testimony posits that these amendments will “eviscerate the number of long-term rentals in these areas...”. No evidence was presented to support this conclusion. As stated in the findings for Goal 4, Housing, and Policy 4.2, Maintain Housing Potential, these amendments do not allow housing units in residential zones to be converted from residential use to commercial use, therefore these amendments do not conflict with this policy.

40. **Policy 4.8, Regional Housing Opportunities**, ensures opportunities for economic and racial integration throughout the region by advocating for the development of a range of housing options affordable to all income levels throughout the region. Policy 4.8, Objective A calls for advocating for a regional “fair share” strategy for meeting the housing needs of low, moderate, and higher-income households and people in protected classes in cities and counties throughout the region, and Policy 4.8 Objective B calls for supporting regulations and incentives that encourage the production and preservation of housing that is affordable throughout the region. Testimony in the record suggests that these amendments conflict with the policy and objectives because they will result in the “loss of long-term rental housing”. The testifier provided evidence for this conclusion by describing an Oregonian article (no date or title of the article was provided in the testimony) in which one accessory short-term rental operator stated that she would go back to renting her unused bedroom to a long-term renter if the short-term rental option is not allowed. On the contrary, at least one person who testified at the Planning and Sustainability Commission hearing stated that she preferred the flexibility and that comes with renting her bedroom on a short-term basis, and would not rent her room to a long-term renter. In addition, as stated in the findings for Goal 4, Housing, and Policy 4.2, Maintain Housing Potential, these amendments will not encourage the loss of long-term rentals because they do not allow the conversion of housing units in residential zones from residential use to commercial use.
41. **Policy 4.9, Fair Housing**, calls for freedom of choice in housing type, tenure, and neighborhood for all, regardless of race, color, age, gender, familial status, sexual orientation, religion, national origin, source of income or disability. Testimony in the record suggests that these amendments conflict with this policy and its objectives because “Short Term Rentals... become an unregulated market for discriminatory rental practices”. City Code Title 23.01 and Oregon Revised Statute 659A.403 prohibit discrimination based on race, religion, color, sex, sexual orientation, gender identity, national origin, marital status, familial status, age if over 18, or disability in places of public accommodation, such as lodgings, and in the selling, leasing or renting of real property. This ordinance does not reduce or nullify in any way the prohibition of discrimination contained in City Code Title 23.01 or ORS 659A.
42. **Policy 4.10, Housing Diversity**, promotes the creation of a range of housing types, prices, and rents to 1) create culturally and economically diverse neighborhoods; and 2) allow those whose housing needs change to find housing that meets their needs within their existing community. Testimony in the record posits that the amendments conflict with this policy and its objectives because they will cause housing types such as accessory dwelling units, manufactured homes, and individual bedrooms to be displaced. Title 33.910 defines residential structure types as the following: accessory dwelling unit, attached duplex, attached house, duplex, group living structure, house, houseboat, manufactured dwelling, multi-dwelling development, multi-dwelling structure, single-room occupancy housing, and triplex. An individual room within a dwelling unit is not identified as a housing type. These amendments allow a long-term resident living in a house, attached house, duplex, or manufactured home on its own lot to rent rooms within the home. In the case of a site with accessory dwelling unit (ADU), the amendments allow the operator to live in the house, attached house, or manufactured home on its own lot and rent rooms in the ADU or vice versa (and ADU is not allowed with a duplex). In either case, the number of bedrooms that can be rented on a short-term basis and the

number of total residents and guest on the site is limited. Furthermore, as stated in the findings for Goal 4, Housing, and Policy 4.2, Maintain Housing Potential, these amendments will not cause housing types to be displaced because they do not allow housing units in residential zones to be converted from residential use to commercial use.

43. **Policy 4.11 Affordability**, promotes the development and preservation of quality housing that is affordable across the full spectrum of household incomes. The amendments are consistent with this policy because the change to the accessory short-term rental regulations will not affect the supply of needed affordable housing for the following reasons:
- The regulations do not allow conversions of needed housing in residential zones from a residential use to a commercial use. The amendments ensure that the primary use of the dwelling remains household living. The regulations allow a long-term resident to rent unused bedrooms within their primary residence to overnight guests, and the regulations limit the number of bedrooms that can be rented on a short-term basis.
  - The amended regulations allows no more short-term rentals than are allowed by the regulations they would replace. In many cases a conditional use review will no longer be required, and the absence of a quasi-judicial application fee may well increase the number of householders establishing accessory short-term rentals. Testimony in the record suggests that the ability to receive income from overnight guests may increase the ability of long-term residents to afford the cost of maintaining their homes or remain in their home during times of financial struggle.
  - Any economic effects of the amended regulations are limited to lowering the entrance costs to short-term rentals by eliminating the cost of a conditional use review (\$4,130 application fee). The amended regulations will require a permit fee and the installation of interconnected smoke detectors plus a carbon monoxide detector, costs that are together unlikely to exceed \$1,000. Assuming that all the reduced entrance costs fully translate to a corresponding increase in the value of residential property, this increase is limited to less than \$4,130. The median home price in Portland is \$285,000, while the mean home price in Portland is \$448,778 ("Portland Market Trends" 2014). A \$4,000 increase in price is a 1.4 percent increase in the median price, and a .08 percent increase in the mean price, not enough to render affordable housing unaffordable.
  - Home Forward (formerly Housing Authority of Portland) is a government agency that owns homes and makes them available to rent by households earning less than sixty-percent of median metropolitan statistical area income. Rental agreements for these homes always contain a prohibition on subletting that will prohibit accessory short-term rentals. The amendments will therefore not affect the affordability of this publically owned housing. In addition, they will not affect affordable housing obtained through the Housing Choice Voucher Program funded by the U.S. Department of Housing and Urban Development and administered by Home Forward. This program is commonly referred to as Section 8, and it provides rent assistance to low-income residents. The assistance voucher can be used for renting an apartment or a house, but it cannot be used to rent a room in a house.

Testimony in the record suggests that the amendments conflict with Policy 4.11 because they permit owners to raise rents astronomically, and encourage the reduction of available housing. No evidence was provided to support this conclusion. Nothing in the existing zoning regulations addresses rental rates or prevents owners from raising rent. Rental rates are driven by conditions in the marketplace; many factors affect these conditions and therefore rental rates. The amended regulations allow no more accessory short-term rentals than allowed by the existing regulations. The amendments eliminate the need for a conditional use review in order establish a Type A accessory short-term rental. The cost of a conditional use review is currently \$4,130 dollars. There is no evidence in the

record to support the assumption that by removing the requirement for a conditional use review, rental rates will go up citywide. However, if rental rates were to increase commensurate with the decrease in cost for a conditional use review (\$4,130), the amount an operator could generate from an accessory short-term rental (\$6,860; Airbnb survey 2014) exceeds the increase in rent. Finally, the income generated by the accessory short-term rental may help reduce household expenses, including costs associated with rent or a mortgage, thereby helping to make the housing more affordable.

44. **Policy 4.14 Neighborhood Stability**, calls for neighborhood stability by promoting: 1) a variety of homeownership and rental housing options; 2) security of housing tenure; and 3) opportunities for community interaction. As detailed in the findings for Goal 2, Urban Development, Policy 2.15, Living Close to Work, Policy 2.21, Existing Housing Stock, Policy 3.2 Social Conditions, Policy 3.5, Neighborhood Involvement, and Goal 4, Housing, the amendments promote neighborhood stability by ensuring that the short-term rental use remains accessory to a primary household living use on a site, preventing the conversion of an entire dwelling in a residential zone from a residential use to a commercial use, requiring notification of the establishment of an accessory short-term rental to neighbors and local neighborhood and business associations, and allow the accessory short-term rental permit to be revoked for failure to comply with the regulations of Title 33.207. Policy 4.14, Objective H calls for enabling people who are elderly to remain in their own neighborhoods as their needs change. These amendments support that objective because they remove a cost barrier to establishing a Type A accessory short-term rental. The reduced cost may allow elderly people to more easily enter into the accessory short-term rental market, and the income generated from the short-term rental may allow the elderly person to maintain their home and/or remain in their home.

Testimony in the record suggests that the amendments conflict with this policy and its objectives because they will replace long-term rentals, make Neighborhood Watch programs ineffectual, and destroy a sense of safety. No evidence was provided to support these conclusions. As demonstrated above and in the findings for Title 12, Protection of Residential Neighborhoods, Policy 3.2, Social Conditions, Policy 3.5, Neighborhood Involvement, Goal 4, Housing, Policy 4.2, Maintain Housing Potential, Policy 4.10, Housing Diversity, and Policy 4.11, Affordability, these amendments do not encourage the loss of long-term rentals, and they do facilitate communication between the operator of an accessory short-term rental and neighbors, and they protect residential neighborhoods.

## **GOAL 5, ECONOMIC DEVELOPMENT**

45. **Goal 5, Economic Development**, calls for fostering a strong and diverse economy which provides a full range of employment and economic choices for individuals and families in all parts of the city. As described in the findings for Goal 2, Urban Development, and Policy 2.15, Living Close to Work, the amendments are consistent with this goal because they encourage expanded opportunity for home-based jobs. An accessory short-term rental is where a long-term resident rents bedrooms in the dwelling in which they reside to overnight guest. An accessory short-term rental use is currently allowed in residential zones as a conditional use, and approval of an accessory short-term rental facility requires a quasi-judicial conditional use review. These amendments establish Type A (one or two bedrooms) and a Type B (three to five bedrooms) accessory short-term rental types, and eliminate the need for a conditional use review in order to establish a Type A facility in a house, attached house, duplex, or manufactured home on its own lot. A Type B facility will continue to require a conditional use review. Operating an accessory short-term rental is a home-based occupation, and the elimination of the \$4,130 conditional use review application fee (as of May 2014) will make entry into this type of work less costly, and therefore encourage this type of home-based job. According to a survey of accessory short-term rental host in Portland who use the Airbnb website, the average annual income generated from an accessory short-term rental is \$6,860 (Airbnb survey 2014).

## GOAL 6, TRANSPORTATION

46. **Goal 6, Transportation**, calls for developing a balanced, equitable, and efficient transportation system that provides a range of transportation choices; reinforces the livability of neighborhoods; supports a strong and diverse economy; reduces air, noise, and water pollution; and lessens reliance on the automobile while maintaining accessibility. These amendments are consistent with this goal because they ensure that the potential number of trips generated by an accessory short-term rental will not exceed the number of trips that could be generated by a household living use without an accessory short-term rental. The amendments include a provision that limits the total number of guests and residents staying in a home with an accessory short-term rental to no more than the number of residents allowed to reside in a home without an accessory short-term rental. In addition, the amendments potentially reduce the number of trips that could be generated by an home with an accessory short-term rental because they prohibit the operator of a Type A accessory short-term rental from also operating a Type B accessory home occupation. A Type B accessory home occupation is one in which the operator has one employee or up to eight customers per day. By prohibiting a Type B accessory home occupation, the potential number of trips to and from a home in a residential zone is reduced.

Testimony at the Planning and Sustainability Commission hearing raised concerns about parking associated with an accessory short-term rental. As already mentioned, an accessory short-term rental can have no more people staying in the home than can reside or stay in a home without an accessory short-term rental, therefore the number of cars being parked in association with a home that operates an accessory short-term rental will be no more than should be expected for a home without an accessory short-term rental. In addition, several operators of accessory short-term rentals who testified at the Planning and Sustainability Commission hearing suggested that many of their guests do not have a car. One operator said that fewer than one-half of their guest have had a car, while another operator stated that more than 80 percent of their guests did not have a car.

47. **Policy 6.12, Regional and City Travel Patterns**, calls for supporting the use of the street system consistent with its state, regional, and city classifications and its classification descriptions. Objective B calls for minimizing the impacts of interregional and long intraregional trips on Portland neighborhood and commercial areas, while supporting the travel needs of the community. These amendments are consistent with this policy because, as stated in the findings for Goal 6, Transportation, they ensure that the number of trips generated by a home with an accessory short-term rental will be no more than, and could potentially be fewer than, the number of trips generated by home without an accessory short-term rental.
48. **Policy 6.26, On-Street Parking Management**, calls for managing the supply, operations, and demand for parking and loading in the public right-of-way to encourage economic vitality, safety for all modes, and livability of residential areas. As stated in the findings for Goal 6, Transportation, these amendments are consistent with this policy because they will not increase the demand for parking in residential areas, and will in some cases reduce the potential demand for parking in residential areas.

## GOAL 8, ENVIRONMENT

49. **Goal 8, Environment**, calls for maintaining and improving the quality of Portland's air, water and land resources and protect neighborhoods and business centers from detrimental noise pollution. These amendments will limit potential impacts from noise because they include provisions intended to keep the activities occurring in association with an accessory short-term rental at the same level of

activity expected from home without an accessory short-term rental. The amendments accomplish this by:

- Ensuring that the number of guests and residents staying in a home with an accessory short-term rental does not exceed the number of residents of a home without an accessory short-term rental;
- Prohibiting establishment of a Type B accessory home occupation in a home with an accessory short-term rental. A Type B accessory home occupation can have up to eight customers arriving and leaving from the home each day;
- Prohibiting commercial meetings (including weddings and banquets) in a home with a Type A accessory short-term rental; and
- Allowing the accessory short-term rental permit to be revoked for failure to comply with the requirements of Title 33.207.

For these reasons, the amendments are consistent with this goal.

### GOAL 9, CITIZEN INVOLVEMENT

50. **Goal 9, Citizen Involvement**, calls for improving the methods for citizen involvement in the on-going land use decision-making process, and providing opportunities for citizen participation in the implementation, review, and amendment of the Comprehensive Plan. Policy 9.1 calls for encouraging citizen involvement in land use planning projects by actively coordinating the planning process with relevant community organizations, through the reasonable availability of planning reports to city residents and businesses, and notice of official public hearings to neighborhood associations, business groups, affected individuals and the general public. The preparation of these amendments provided multiple opportunities for citizen involvement, in accordance with the legislative procedure requirements of Title 33.740, Legislative Procedure. The development of these amendments included the following notifications and opportunities for citizen involvement:

- a) Staff from the Bureau of Planning and Sustainability met with the Development Review Advisory Committee (DRAC) on July 15, 2013, and with the land use chairs of the city's neighborhood coalition offices on July 25, 2013 to review potential items for inclusion in the RICAP 6 work plan.
- b) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Proposed Workplan* was made available to the public for review on July 24, 2013. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
- c) The Planning and Sustainability Commission held a public hearing on the RICAP 6 proposed work plan on August 13, 2013. Notice of the August 13 hearing was mailed to all neighborhood associations, neighborhood coalitions, business associations, and other interested parties on July 25, 2013.
- d) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Discussion Draft* was made available to the public for review on January 6, 2014. The report was posted on the City's regulatory improvement program website, and mailed to all who requested a copy.
- e) Notice of the RICAP 6 discussion draft was mailed January 8, 2014 to over 750 recipients, including neighborhood associations, neighborhood coalitions, business associations, and other interested parties. The notice included the dates, times and locations of neighborhood association or neighborhood coalition meetings, and a BPS sponsored open house, during which project staff presented the draft for discussion and questions.



- f) Project staff attended six neighborhood coalition meetings, and two neighborhood association meetings between January 6, and February 21, 2014. The RICAP 6 discussion draft report was presented and discussed at each of these meetings
- g) Project staff presented the RICAP 6 discussion draft report at one Design Commission meeting, one Historic Landmarks Commission meeting, and one Planning & Sustainability Commission meeting(s).
- h) Project staff were available to discuss the RICAP 6 discussion draft at an open house held on February 11, 2014 from 5:00 pm to 7:30 pm.
- i) On March 18, 2014 notice of the proposed action was mailed to the Department of Land Conservation and Development in compliance with the post-acknowledgement review process required by OAR 660-018-0020 and ORS 197.610.
- j) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Proposed Draft* was made available to the public for review on March 21, 2014. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
- k) The Planning and Sustainability Commission held a public hearing on the RICAP 6 proposed draft on April 22, 2014. Notice of the hearing was mailed to the regional transit agency, Metro, the Oregon Department of Transportation, all neighborhood associations, neighborhood coalitions, business associations, affected bureaus, and other interested parties on March 20, 2014, as required by ORS 227.186 and PCC 33.740. The Planning and Sustainability Commission made four amendments to the proposed draft.
- l) The *Regulatory Improvement Code Amendment Package 6 (RICAP 6): Recommended Draft* was made available to the public for review on May 19, 2014. The report was posted on the City's regulatory improvement program website and mailed to all who requested a copy.
- m) City Council held a public hearing on the RICAP 6 recommended draft on June 4, 2014. Notice of the hearing was mailed to all those who testified orally or in writing at the Planning and Sustainability Commission hearing, and to other persons who requested such notice, on May 13, 2014.

The findings for Statewide Planning Goal 1, Citizen Involvement also demonstrate compliance with this goal and policy.

Testimony in the record suggests that these amendments fail to satisfy this goal and policy. As described above, the process to adopt these amendments followed all requirements of Title 33.740, Legislative Procedures, therefore Goal 9 and Policy 9.1 are satisfied.

## GOAL 10, PLAN REVIEW AND IMPLEMENTATION

- 51. **Policy 10.10, Amendments to the Zoning and Subdivision Regulations**, requires amendments to the zoning and subdivision regulations to be clear, concise, and applicable to the broad range of development situations faced by a growing urban city. Objective A calls for promoting good planning by effectively and efficiently implementing the Comprehensive Plan, addressing present and future land use problems, balancing the benefits of regulations against the cost of implementation and compliance, and assuring that Portland remains competitive with other jurisdictions as a location in

which to live, invest and do business. The amendments are consistent with this policy and its objectives for the following reasons:

- They address a development situation that has been growing in Portland. The number of short-term rentals occurring in Portland has increased substantially. In May 2014, Bureau of Planning and Sustainability found over 1,600 short-term rental listings on one website that facilitates peer-to-peer short-term rentals, up from 107 in January 2011;
- They address a present land use problem. Accessory short-term rentals are currently allowed in residential zones in Portland as a conditional use. XX have been approved through a conditional use review since X date. With only XX having been approved, it is likely that the majority of short-term rentals operating in Portland have received proper approvals. In 2013, the Bureau of Development Service's Code Compliance unit received 38 complaints regarding unauthorized accessory short-term rentals—38 out of a total 1083 complaints. The number of short-term rental listings in Portland on one short-term rental website was over 1,600 in May 2014—a number that far exceeds the total number of complaints investigated by the staff of the Code Compliance unit. Therefore, the total number of accessory short-term rentals operating without approval in Portland presents a present land use problem that needs to be remedied;
- They clarify and streamline regulations that have not been updated since 2004; and
- They address the cost of implementation and compliance by eliminating the need for a conditional use review for a Type A accessory short-term rental.

NOW, THEREFORE, the Council directs:

- a. Adopt items #12-14 (Short-Term Rental/Bed and Breakfast amendments) of Exhibit A, *Regulatory Improvement Code Amendment package 6 (RICAP 6): Planning and Sustainability Commission Recommended Draft*, dated May 19, 2014.
- b. Amend Title 33, Planning and Zoning, as shown in items #12-14 (Short-Term Rental/Bed and Breakfast amendments) in Exhibit A, *Regulatory Improvement Code Amendment package 6 (RICAP 6): Planning and Sustainability Commission Recommended Draft*, dated May 19, 2014.
- c. Amend Title 3, Administration, as shown in Exhibit A, *Regulatory Improvement Code Amendment package 6 (RICAP 6): Planning and Sustainability Commission Recommended Draft*, dated May 19, 2014.
- d. Adopt the commentary for items #12-14 (Short-Term Rental/Bed and Breakfast amendments) in Exhibit A, *Regulatory Improvement Code Amendment package 6 (RICAP 6): Planning and Sustainability Commission Recommended Draft*, dated May 19, 2014 as legislative intent and further findings.
- e. Direct the Bureau of Planning and Sustainability to monitor the effect of the amendments as part of their overall monitoring program and provide in a report to council on short term rentals by September 2016.

Section 2. If any section, subsection, sentence, clause, phrase, diagram, designation, or drawing contained in this Ordinance, or the plan, map or code it adopts or amends, is held to be deficient, invalid or unconstitutional, that shall not affect the validity of the remaining portions. The Council declares that it would have adopted the plan, map, or code and each section, subsection, sentence, clause, phrase, diagram, designation, and drawing thereof, regardless of the fact that any one or more sections, subsections, sentences, clauses, phrases, diagrams, designations, or drawings contained in this Ordinance, may be found to be deficient, invalid or unconstitutional.

Passed by the Council:

Mayor Charles Hales  
Prepared by: Shannon Buono  
Date Prepared: May 20, 2014

**LaVonne Griffin-Valade**  
Auditor of the City of Portland  
By

Deputy

~~578~~ ~~738~~ 779

See Substitute

Agenda No.  
**ORDINANCE NO.**  
Title

Ord. No. 186736

Improve land use regulations related to accessory short-term rentals through the Regulatory Improvement Code Amendment Package 6 (RICAP 6) (Ordinance; Amend Title 33, Planning and Zoning and Title 33 Administration)

MAY 30 2014

<b>INTRODUCED BY</b> Commissioner/Auditor: <b>Mayor Charlie Hales</b>	CLERK USE: DATE FILED _____
<b>COMMISSIONER APPROVAL</b> Mayor—Finance and Administration - Hales <i>PH</i> Position 1/Utilities - Fritz Position 2/Works - Fish Position 3/Affairs - Saltzman Position 4/Safety - Novick	LaVonne Griffin-Valade Auditor of the City of Portland  By: <i>Susan Anderson</i> Deputy
<b>BUREAU APPROVAL</b> Bureau: Planning and Sustainability Bureau Head: Susan Anderson <i>Susan Anderson</i> Prepared by: Morgan Tracy Date Prepared: May 8, 2014 Financial Impact & Public Involvement Statement Completed <input checked="" type="checkbox"/> Amends Budget <input checked="" type="checkbox"/> Portland Policy Document If "Yes" requires City Policy paragraph stated in document. Yes <input type="checkbox"/> No <input type="checkbox"/> <b>City Auditor Office Approval:</b> required for Code Ordinances <b>City Attorney Approval:</b> required for contract, code, easement, franchise, comp plan, charter <i>OK</i> Council Meeting Date <b>June 4, 2014</b>	<b>ACTION TAKEN:</b>  JUN 04 2014 <b>CONTINUED TO</b> JUL 02 2014 2 PM JUL 02 2014 <b>PASSED TO SECOND READING</b> JUL 16 2014 As Amended As Amended 9:30 A.M.

<b>AGENDA</b> <b>TIME CERTAIN</b> <input checked="" type="checkbox"/> <b>Start time: 2 pm</b>  <b>Total amount of time needed: 3 hrs</b> (for presentation, testimony and discussion)  <b>CONSENT</b> <input type="checkbox"/>  <b>REGULAR</b> <input type="checkbox"/> <b>Total amount of time needed: _____</b> (for presentation, testimony and discussion)
---

FOUR-FIFTHS AGENDA	COMMISSIONERS VOTED AS FOLLOWS:		
		YEAS	NAYS
1. Fritz	1. Fritz		
2. Fish	2. Fish		
3. Saltzman	3. Saltzman		
4. Novick	4. Novick		
Hales	Hales		