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Portland Planning and Sustainability Commission

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May 13, 2014

Mayor Charles Hales and Members of Portland City Council
Portland City Hall
1221 SW Fourth Avenue
Portland, OR 97204

Dear Mayor Hales and City Commissioners:

On April 22, 2014, the Planning and Sustainability Commission (PSC) held a public hearing on the Regulatory Improvement Code Amendment Package 6 (RICAP 6). The PSC determined to split the package and vote on two separate components.

The first recommendation addressed many technical and minor amendments to the Portland Zoning Code. The amendments address a variety of subjects, including Radio Frequency Transmission Facilities, historic landmarks located in the public right-of-way, temporary activities, review processes for environmental resource projects and revocable permits. With one minor change to staff's proposal, the Commission voted 9-0 to recommend approval of these amendments.

The second vote was specific to the proposed short-term rental regulations. The Commission voted 8-1 to recommend approval of the proposed amendments to allow one- or two-bedrooms to be rented in a home to overnight guests through a simple permit process. This issue garnered the most testimony and discussion, and we would like to convey the collective thoughts of this Commission to Council members.

We are excited about the City's exploration into the shared economy.

As a leader in promoting sustainable practices, Portland is well-positioned to foster innovations that allow better utilization of existing resources. One such innovation is the use of technology to facilitate peer-to-peer networking and commerce. We see the use of Portlanders' spare bedrooms as a way to let the market evolve and offer options for Portlanders' to supplement their income, while offering visitors greater access to our city.

We see an important role for these regulations.

The Commission is pleased to recommend amendments that provide clarity to operators of short-term rentals and neighbors, and right-sizes the review procedure with the level of impact of smaller (one- and two-bedroom) short-term rentals.

We heard concerns about the requirement for a City inspection as part of obtaining a permit to allow short-term rentals. In fact, members of the Commission expressed concerns about the parity and consistency of such inspections. However, we acknowledge that the traveling public will be



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sleeping in unfamiliar surroundings and are at a disadvantage for evacuating a building in case of an emergency. Because it is a key function of the City to ensure buildings are safe and the public is protected, we concluded that it would be imprudent to issue permits for short-term rentals without ensuring that basic safety measures were in place. Therefore, the inspection requirement remains a part of the recommendation.

Similarly, having hosts notify their neighbors as a requirement to obtain a short-term rental permit is a reasonable precaution to ensure accountability, strengthen neighbor networks and ensure that neighbors know who the point-of-contact is.

We'd like to underscore the importance that short-term rentals only be allowed within a primary residence. This ensures that the dwelling unit still provides housing to a long-term resident.

We discussed, as some testifiers suggested, adding a requirement that the host be required to remain at the property while there are overnight guests staying there. However, we found that the types of short-term rental arrangements vary widely and that dictating the amount of time the host would need to be on-site adds an unreasonable amount of regulatory complexity. However, the Commission felt that the application materials and handouts would benefit from including information about the importance of the host being accessible to guests and neighbors and should also provide examples of behavior that could result in a permit being revoked.

We are concerned about the potential for unintended consequences and impacts.

This is a new industry. The potential impact on housing, rental and Portland's housing affordability are uncertain, which led one commissioner to cast the single dissenting vote. The Commissioner questioned the potential impacts of short-term rentals on the rental market and on housing affordability. Basic economics tell us that factors that increase the value of a commodity, while supply remains the same, will drive prices up. The concern is that by allowing short-term rentals in residences, the price of home ownership and rental housing could increase overall. In other words, the allure of higher short-term rental rates could continue to move more households from offering long-term roommate opportunities toward the short-term rental market. This, he reasoned, could have the unintentional consequence of contributing to Portland's affordable housing problem. And he did offer to amend the proposal to sunset the allowance for short-term rentals while a study is conducted to better understand the impacts, if any.

Other members of the Commission share our colleague's commitment to protect vulnerable and lower-income populations from disproportionate impacts of proposed regulations. Despite this concern, the Commission is comfortable advancing the recommendation because short-term rentals are only allowed in units with a permanent resident, there are relatively few short-term rentals compared to the entire housing stock (less than .8%), and because they are currently allowed through a Conditional Use Review.

In conclusion, we believe the Commission's recommendation strikes the necessary balance between protections for visitors and neighbors, while allowing reasonable flexibility for existing and future operators of short-term rentals.



Recommendations

The Portland Planning and Sustainability Commission recommends that City Council take the following actions:

1. Adopt the *RICAP 6: Recommended Draft*, dated May 2014; and
2. Amend the Zoning Code (Title 33) as shown in *RICAP 6: Recommended Draft*.

Thank you for the opportunity to participate in the review of this project and for considering our recommendations.

Sincerely,



Andre' Baugh, Chair
Portland Planning and Sustainability Commission

