

Sophia Cassam

From: vacation rentals orcas <vacationrentalsorcas@gmail.com>
Sent: Tuesday, January 28, 2020 2:55 PM
To: Comp Plan Update
Cc: Yonatan Aldort; Lisa Byers; Michael Johnson; joesymons@me.com; jeni@aya.yale.edu
Subject: RE: Housing Element and HNA (public comments)
Attachments: December 18 VR Letter.pdf; VR Work Group HE_HNA_FINAL COMMENTS.pdf

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

To: Sophia Cassam & Linda Kuller

Please find attached public comments from the Orcas Island Vacation Rental Working Group re: the December 17, 2019 DRAFT of the Housing Element & HNA.

Please also find attached [our suggested regulatory proposal](#) for addressing vacation rental concerns in San Juan County. While addressing vacation rental policy, we respectfully request that San Juan County impose [an immediate moratorium](#) on all new vacation rental permits.

Our group is happy to provide further information or clarification re: any of the issues raised in this public comment submission.

Sincerely,
Vacation Rental Working Group
www.vacationrentalsorcas.org

Janet Alderton, Yonatan Aldort, Jeni Barcelos, Diane Berreth, Lisa Byers, Andrea Cohen, Toby Cooper, Michael Johnson, Artha Kass, Mark Mayer, Greg Oaksen, Heather Dew Oaksen, Margaret Payne, Donna Gerardi Riordan, Anne-Marie Shanks, Joe Symons, and Lynnette Wood

Comprehensive Plan Public Comments

December 17, 2019 draft of the Housing Needs Assessment & Housing Element

Public Comments: 12/17/19 Housing Element & HNA
From: Orcas Island Vacation Rental Working Group
vacationrentalsorcass.org / vacationrentalsorcass@gmail.com
Submission Date: January 28, 2020

Attn: Sophia Cassam
Attn: Linda Kuller
San Juan County Department of Community Development
935 Rhone Street
Friday Harbor, WA 98250

There is rising public interest in the recent growth of the vacation rental industry throughout our neighborhoods, and concern about their negative cumulative impacts on our quality of life—beyond those impacts specific to our housing market. Please keep these concerns in mind when considering your baseline data and when analyzing data regarding current trends and future growth projections. There is voluminous information available regarding the current rising trend in the vacation rental industry throughout the world, the country, and across our region. **See endnotes (1), (2), (3).**

We have specific concerns with respect to the methodology that San Juan County is using to monitor both the increasing growth in the numbers of vacation rentals, and their known impacts. The vacation rental industry is impacting our housing market all across the spectrum—from low-end to high-end, including the year-round housing market. The growing housing crisis in San Juan County today demands that we not allow short-term vacation rentals to put ANY additional demands on either the long-term rental or affordable housing markets.

Only by using the correct methodology, a correct baseline, and correct data points can such a complex issue be clearly defined and productively addressed by the County. There is insufficient VR data to make thoughtful decisions.

There is an obvious need for a moratorium on new vacation rental permits until the county is able to correct all of the known incorrect information, properly review the data within the HNA and Housing Element draft, and implement new meaningful regulations.

It is within this context that we present our findings to you today. Thank you for reviewing our comments.

Topic: Public Comment Timeline & Process

Goal 9

Page 17, line 40:

5.7.C VACATION RENTALS included as a placeholder to be completed after a public policy discussion.

Comment: It appears premature to provide public comment opportunities on an incomplete draft update to the Housing Element. Please provide details on the “public policy discussion.” What public

comment or public engagement opportunities will be provided for the future Goal 9. Section 5.7.C VACATION RENTALS? After this public policy discussion, will the public have an opportunity to impact how the outcomes of the discussion factor into the Housing Element?

Topic: Rate of Growth of Vacation Rentals

Section B, Element 5

Page 11, Lines 13-14 The average rate of growth for vacation rental permits was approximately 51 per year over the last 20 years.

Appendix 5

Page 33, Lines 8-9 The average rate of growth for vacation rental permits was approximately fifty-one per year over the last twenty years. Although the historical average of the number of new vacation rental permits issued annually has averaged around 51 new permits per year for the past 20 years, the trend in the past 3 years has increased this average by over 30%.

Comment: The long-term average provided in the report significantly misrepresents today's reality. Since 2015 the rate at which permits have been granted has increased significantly (30%) over the historical average.

Proposed Alternative Language:

Section B, Element 5

Page 11, Lines 13-14 Although the historical average of the number of new vacation rental permits issued annually has averaged around 51 new permits per year for the past 20 years, the increased trend in the past 3 years has increased this average by over 30%.

Topic: VRs as Total Percentage of Housing Stock

Section B, Element 5

Page 11, Lines 14-15 ...vacation rental permitted dwellings only made up seven percent of the total housing stock in 2015 (see Figure 5-15 in the HNA, Appendix A.5) ...

Appendix 5

Page 5, Line 38-39 The number of vacation rentals... made up 7 percent of the total housing stock in 2015.

Page 32, Line 30-Page 33, Line 1

VR permitted dwellings only made up 7 percent of the total housing stock in 2015

Page 34, Line 6 Seven percent of County housing stock is composed of vacation rental (VR) units...

Page 37, Lines 17-18 The number of vacation rentals in the County has steadily increased since the year 2000, making up 7 percent of the total housing stock in 2015.

Comment 1: The 7% figure is incorrect because it was based on 2015 data (meaning information that has been compiled up through 2014). There have been approximately 60+ vacation rental

permits issued yearly since then, (in the last 5-6 years), for a total of 300+/-permits that are not being calculated into this metric.

Comment 2: Using a metric that includes all the housing stock in the county creates a skewed version of reality. Clearly this baseline data-point should be refigured excluding the outer islands, Shaw, Friday Harbor, and other areas which prohibit vacation rentals. The HNA's finding that 7% of SFRs are VRs is misleading—understating VR penetration by almost half. There are 7,828 SFRs on Orcas, San Juan, and Lopez. 1,038 VRPs among 7,828 SFRs reveals a county-wide average of 13%, or 1 VR per 7.7 SFRs. **See endnote (4).**

Proposed Alternative Language:

Section B, Element 5

Page 11, Lines 14-15 During the last few years, the growth rate for vacation rentals has been 30% or more higher than historical averages. If this increased rate stabilizes at 30% over historical averages, the number of vacation rentals will double in approximately 8 years.

Appendix 5

Page 5, Line 38-39 VR permitted dwellings as percent of total housing stock varies significantly by island and by neighborhood. By island, the percentages are currently about 15% on Orcas, 10% on San Juan (including Friday Harbor), and 9% on Lopez. But even these “island wide” averages obscure the fact that VRs are often concentrated in certain areas or neighborhoods. For example, VRs already represent about 20% of the housing stock in the Deer Harbor Hamlet.

Page 32, Line 30 through Page 33, Line 1 VR permitted dwellings as a percentage of the total housing stock varies significantly by island and by neighborhood, with average densities on the three most impacted islands of Lopez, San Juan Island and Orcas ranging from 9 to 15% but reaching 20% or more in some neighborhoods.

Page 34, Line 6 Same as above.

Page 37, Lines 17-18 The number of vacation rentals in the County has steadily increased since the year 2000, and the rate of increase has risen substantially in the last few years (up 30% or more over the historical average).

Topic: VRs as Compared to New Dwelling Units

Appendix 5

Page 5, Lines 40-43 From 2005-2010, there were 5.5 new dwelling units created in the County for every vacation rental permit issued per year. From 2011-2016, there were only 2.18 new dwelling units per vacation rental permit. The decline in new construction appears to have more influence on housing supply and availability than vacation rentals.

Page 34, Lines 8-11 Vacation rental units have maintained a steady and modest growth over the past 10 years. At the same time, the number of new dwelling unit permits has seen a steady decline (Figure 5-18). This means that although there has not been a large jump in the total number of VR units over time, VR units are becoming a larger and larger proportion of housing stock.

Page 34, Lines 20-22 The trend of declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.

Comment: The report contains no data on which to substantiate the claim that “the decline in new construction appears to have more influence on housing supply and availability than vacation

rentals” or that “declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.”

Proposed Alternative Language:

Appendix 5

Page 5, Lines 40-43 Delete the sentence: “~~The decline in new construction appears to have more influence on housing supply and availability than vacation rentals.~~”

Page 34, Lines 8-11 Vacation rental units have maintained a steady and modest growth until recently, when the rate at which permits have been issued increased by 30% over the historical average. At the same time, the number of new dwelling unit permits has seen a steady decline (Figure 5-18), resulting in VR units becoming a larger and larger proportion of the housing stock.

Page 34, Lines 20-22 Delete the sentence: “~~The trend of declining housing building permits appears to be a greater issue than the trend of increasing vacation rentals.~~”

Topic: Future Trends

Appendix 5

Page 5, Lines 45-47 Current trends predict 1,500-2,000 permitted vacation rentals in San Juan County by 2036. The vacation rental share of total housing can be expected to be between eight and eleven percent given permit trends.

Page 33, Lines 9-14 If that trend continues, by the year 2036 600 to 1,000 new vacation rental units might be added to the current stock of approximately 1,000 permitted vacation rentals. Given that trend, by the year 2036 between 1,500 and 2,000 homes could be vacation rentals. The County forecasts that there will be 18,059 homes here by 2036. If both forecasts hold true, between eight and eleven percent of the housing stock might be used for vacation rentals in the year 2036.

Comment: While the vacation rental industry has maintained a steady and modest growth for more than a decade, in recent years the trend has seen an increase of up to 30% or more higher than the historical average.

Proposed Alternative Language:

The average rate of growth for vacation rental permits has historically been 51 per year over the last 20 years. The County forecasts that there will be 18,059 homes here by 2036. The more recent trend, however, tells a different story. We’re seeing an increase of up to 30% or more higher than this historical average. If this trend maintains or continues to increase, the number of vacation rentals will increase at a faster pace, and also to a higher number than the current analysis predicts. This growth will continue to increase the percentage of vacation rentals relative to the housing stock in San Juan County. If this growth will primarily take place on Orcas, San Juan, and Lopez Islands, it will only exacerbate the existing housing crisis in our community.

Supporting statements from the HNA—Vacant Home Growth

"An increase in the proportion of vacant housing units, particularly SRO units, in the housing stock will exacerbate the problem of availability."

"Home vacancy and SRO use rates impact housing unit availability because such units are effectively removed from the pool of available housing stock."

"Coupled with an extremely low vacancy rate, even the loss of one rental housing unit can lead to an entire family relocating off island."

(1) Seattle Times (Katherine Kashinova Long) 7/13/19
Belltown condo building is a hive of Airbnb guests

https://www.seattletimes.com/business/real-estate/this-belltown-condo-building-is-a-hive-of-airbnb-guests/?utm_source=marketingcloud&utm_medium=email&utm_campaign=Morning+Brief+7-15-19+7+15+2019&utm_term=

(2) Property Management—Vacation Rental Industry Statistics: A curated resource for journalists & consumers on the latest data and insights behind Airbnb's rapid growth.
Last updated: December 2019

<https://iproertymanagement.com/research/vacation-rental-industry-statistics>

(3) Business Insider
This chart shows exactly how insane Airbnb's growth has been over the past 5 years

<https://www.businessinsider.com/airbnbs-summer-reach-has-grown-by-353-times-in-5-years-2015-9>

(4) SFRs per island are determined as follows:
\$42K was determined to be the minimum value for a habitable SFR.
Results: **Lopez** 1,479; **San Juan** 3,538; **Orcas** 2,811; **total** = 7,828

December 18, 2019

Vacation Rental Work Group
Yonatan Aldort, Chair
Lisa Byers, Vice Chair

Jamie Stephens
Rick Hughes
Bill Watson
San Juan County Council
350 Court Street, #1
Friday Harbor, WA 98250

Dear Councilmen Stephens, Hughes and Watson:

We, the Vacation Rental Work Group Steering Committee, write to provide you with recommendations for regulations that we believe would significantly reduce the negative impacts arising from the proliferation of vacation rentals in San Juan County, and to ask you to take immediate action.

We will not use this letter to enumerate the concerns we have raised with each of you about how the proliferation of vacation rentals is harming the islands and our community. Our findings from research and community meetings are posted on www.vacationrentalsorcass.com.

The following recommendations evolved out of three public meetings on Orcas, attended by more than 200 islanders, from research we have conducted on the impacts of unrestricted growth of vacation rentals on small communities, and from study of regulations enacted by other jurisdictions that have effectively limited these impacts. This letter, delivered by e-mail, includes hyper-links to examples of regulations enacted by other jurisdictions.

1. Convert from the current land-use permit system to a business license, renewed annually.

a. Advantages:

1. New source of revenue to the County (it is our understanding that enacting such a system would result in all businesses being licensed by the county).
2. Eliminate the need for the Community Development staff to write reports and the Hearing Examiner to review permit applications.
3. Reduce speculation on the transfer of properties that hold permits.
4. Allow for attrition of permits when properties are sold (based on a system of phasing out existing permits upon sale of property).

b. Examples:

1. [Manzanita, OR](#)
2. [Golden, CO](#)
3. [Crested Butte, CO](#)

2. **Distinguish between Home Shares (owner in residence with one room for rent under the same roof) and Vacation Rentals (whole house). Home Shares would be subject to a separate cap.**
 - a. Advantages:
 1. Supports people who need additional income to stay on island.
 2. Residents who share their homes serve as ambassadors for visitors, limiting the potential for negative impacts on neighbors.
 - b. Examples:
 1. [Santa Monica, CA](#)
 2. [Golden, CO](#)
 3. [Crested Butte, CO](#)

3. **Place a cap on the total number of VR permits allowed in the county.** Start by setting the limit at the level of total permits that are *compliant and active* on 3/13/2020 (the two-year anniversary of the implementation date for the last revision to VR permits). Also set caps for UGA's, LAMIRD's, and possibly neighborhoods or census tracts.
 - a. Advantages:
 1. Assures that vacation rentals will not become a dominant use of residential properties.
 2. Limits the scale and rate of change.
 3. If implemented at a neighborhood scale, enables neighborhoods to re-gain a predominance of homes that are occupied year-round.
 - b. Examples:
 1. [Manzanita, OR](#)
 2. [Austin, TX](#)
 3. [St. Augustine Beach, FL](#)

4. **Limit the location of future vacation rentals based on distance from one another.** For example, no VR may be located within 1,500 feet of the property line of a parcel with an existing VR.
 - a. Advantages:
 1. Enables neighborhoods to retain a majority of residences as owner-occupied or year-round rentals.
 2. Reduces the drain on community resources that results from the concentration of VR's in close proximity.
 3. Ensures/Protects a sense of rural community, in which people know who is living nearby.

- b. Examples:
 - 1. [Santa Monica, CA](#)
 - 2. [Austin, TX](#)
 - 3. [San Antonio, TX](#)

- 5. Align the occupancy allowed for Vacation Rentals with that for B & B Residences, and include sign-off by homeowners' associations, water-user associations, and road associations on application.**
 - a. Advantages:
 - 1. Prevents VR's from occupancy that is in excess of allowed septic-system design.
 - 2. Levels the playing field between VR's and B & B's.
 - 3. Reduces the chance that the county will issue a VR permit for a property where private CC&R's prohibit that use.

- 6. Revoke Permits upon Violations (3-strikes rule) – Owners who operate without a license, or who fail to address two or more neighborhood complaints in a timely manner pay a fine, and, after three violations, lose their license. They are not allowed to re-apply for another license for three years.**
 - a. Advantages:
 - 1. Removes bad actors, which in turn reduces the negative impacts of VR's.
 - 2. Levels the playing field.
 - 3. When paired with the business licenses (instead of land-use permits), reduces the County's costs for dealing with violators, since revoking a business license is not as cumbersome as revoking a land-use permit.
 - b. Examples:
 - 1. [Sonoma County, CA](#)
 - 2. [Palm Springs, CA \(see hotline info\)](#)
 - 3. [Savannah, GA](#)

- 7. Publish list of local contacts for each VR permit**
 - a. Advantages:
 - 1. Increases transparency and allows for neighbors to present concerns directly to the appropriate party.
 - 2. May reduce the frequency of neighbors relying on the sheriff to address concerns.
 - b. Example:
 - 1. [Palm Springs, GA good neighbor brochure & hotline](#)

8. Require each VR to have a water meter and to provide data to county on usage.

a. Advantages:

1. Provides data for our collective effort to better steward a limited water supply.

b. Examples:

1. [Fremont County, ID](#)

Recognizing that the Council and county staff have many demands on their time, we stand ready to help. We would be pleased to participate in a work session to provide information on sample regulations from other communities, or to otherwise collaborate with the county in order to address this issue as swiftly as possible.

Finally, we ask that you immediately place a moratorium on new vacation-rental permits. As of the date of this letter, 1,853 people have signed the petition on change.org in support of an immediate moratorium. We believe this move is necessary to prevent the proliferation of vacation rentals while the county considers revising its regulatory structure.

Thank you for your consideration.

Sincerely,

Yonatan Aldort
yonatanaldort@gmail.com

Lisa Byers
lisabyers50@gmail.com

Jennifer Barcelos
jeni@aya.yale.edu

Diane Berreth

Toby Cooper

Michael Johnson

Artha Kass

Mark Mayer

Greg Oaksen

Heather Dew Oaksen

Margaret Payne

Anne Marie Shanks

Roy Stanton

Joe Symons

Lynnette Wood

Copy: Mike Thomas
Sue Kollet