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MEMO

REPORT DATE:	August 7, 2020
TO:	San Juan County Planning Commission
CC:	Erika Shook, AICP, DCD Director
FROM:	Adam Zack, Planner III
SUBJECT:	2036 Comprehensive Plan Update Section B, Element 2, Land Use and Rural Vacation Rentals
BRIEFING:	August 21, 2020

Purpose

To discuss and get feedback on possible policies and regulations to address the total number of vacation rentals county-wide – "How many are too many?".

Feedback Requested

Please provide a recommendation on the following vacation rental related policy and regulatory topics to address during the Comprehensive Plan update:

- Should vacation rentals be limited or capped in San Juan County and, if so, what policies and/or regulations are recommended

Background

According to a 2018 visitors study conducted by the County, the majority of visitors to the Islands stay overnight at least one night (https://www.sanjuanco.com/1391/San-Juan-Islands-Visitor-Study). This drives the demand for visitor accommodations such as campgrounds, vacation rentals, bed and breakfasts, and hotels. These accommodations are important components of the tourist economy, a major economic sector in the County. According to the 2018 Visitors Study, vacation rentals were the most prevalent type of visitor accommodation.

Visitor accommodations are among the most debated land uses in the County because of their economic importance and the potential negative effects of tourism on the year-round population.

Public comments opposed to vacation rentals frequently express concerns that they:

- Impact neighboring properties with traffic, noise and trespassers;
- Result in over-tourism;
- Reduce the supply of affordable housing units;
- Reduce the stock of long-term rentals; and

- Add upward pressure on housing prices.

Public comments in support of vacation rentals express that they:

- Are an important driver of the tourism industry; one of the largest sectors of the County's economy;
- Do not reduce the supply of long term rentals since if not used for vacation rental they would used by the owners and not available for long term rentals; and
- Do not reduce the stock of affordable housing because they are primarily located on expensive properties/residences that do not meet the definition of affordable housing.

In 2018, the County adopted new performance standards to address concerns over impacts to surrounding property owners, require annual certification of compliance with the regulations, and increase enforcement for violators (Ordinance 2-2018).

The overall issue of the total number of vacation rentals in the County was not addressed by the 2018 vacation rental code amendments. During the amendment process the Planning Commission and Council directed the Department of Community Development (DCD) to evaluate vacation rental saturation and answer the question: "How many vacation rentals is too many?" Council directed DCD to do this evaluation as part of the Comprehensive Plan Update.

In 2019, a community group proposed a moratorium on vacation rentals despite the adoption of new regulations in the previous year. The group cited concerns about the impacts to surrounding property owners, out-of-town vacation rental operators not complying with regulations, and the reduction of affordable housing and long-term rental stock. They recommended the following: A limit to the number of allowed vacation rentals…..

County permit records show that as of April 30, 2020, there are 963 permitted vacation rentals. 632 permits are compliant, meaning they have submitted a certificate of compliance. Of those that are compliant, 430 are active, and 202 are inactive.

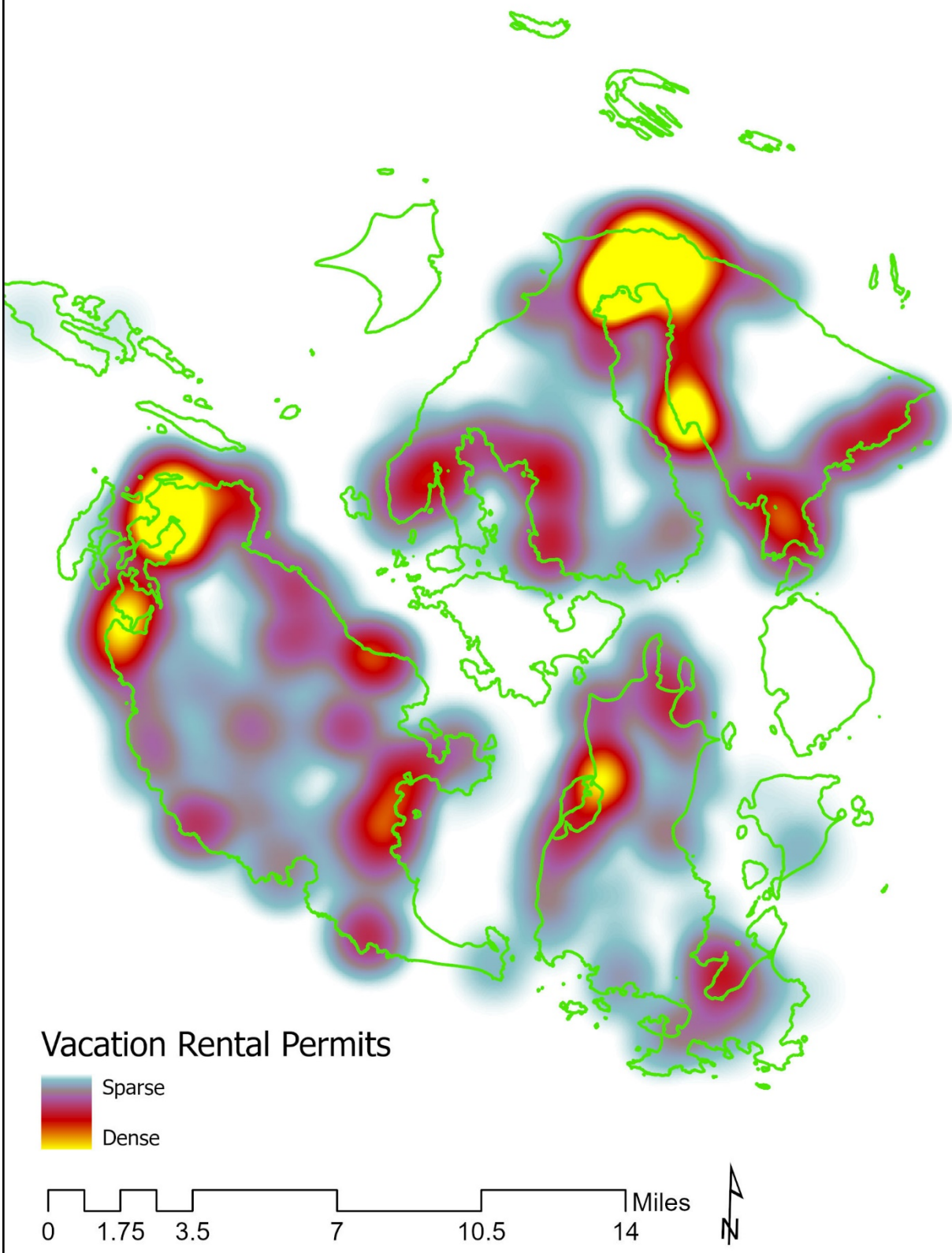
Table 1. Compliant Vacation Rental Permits per Island.

Island	Total	Active	Inactive
Lopez	77	59	18
Orcas	318	224	94
San Juan	225	141	84
Other Islands	12	6	6

Source: SJC permit records.

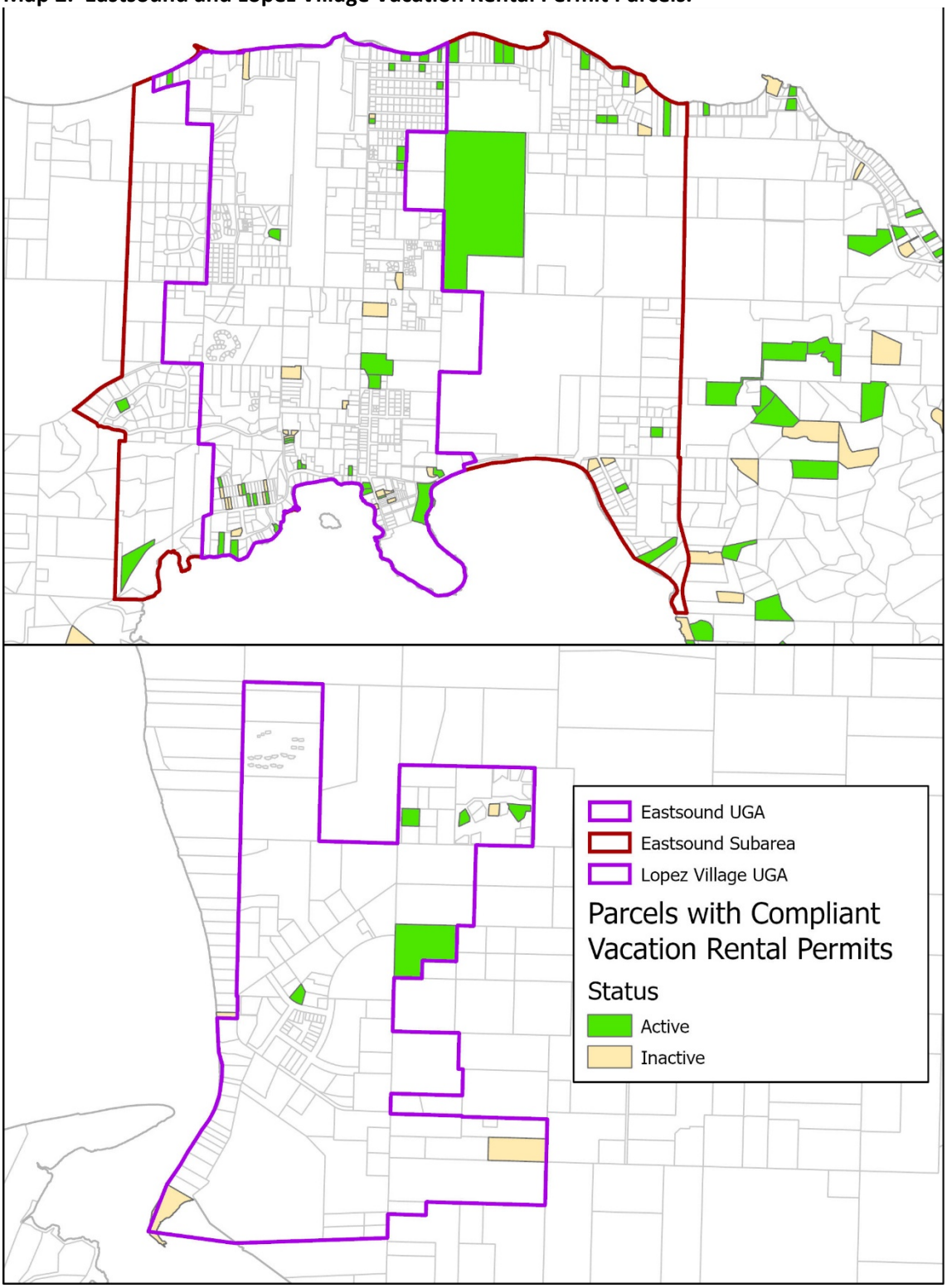
Some areas have a greater concentration of vacation rental permits. These areas tend to be places with smaller residential lots, which allow for higher residential density. Map 1 on the next page shows the general distribution of vacation rental permits and highlights the areas with the greatest concentration of vacation rental permits. These areas are primarily places with higher residential density such as activity centers, master planned resorts, rural residential shorelines and urban growth areas (UGAs).

Map 1. Countywide Vacation Rental Permit Density.



Map 2 shows the compliant vacation rental parcels in Eastsound and Lopez Village. There are 8 parcels with compliant VR permits in Lopez Village. Of those, 5 are active and 3 are inactive. The 5 parcels with active permits average 1.16 acres. There are 52 parcels with compliant VR permits in Eastsound. Of those, 31 are active and 21 are inactive. The 31 parcels with active permits average 0.6 acres.

Map 2. Eastsound and Lopez Village Vacation Rental Permit Parcels.

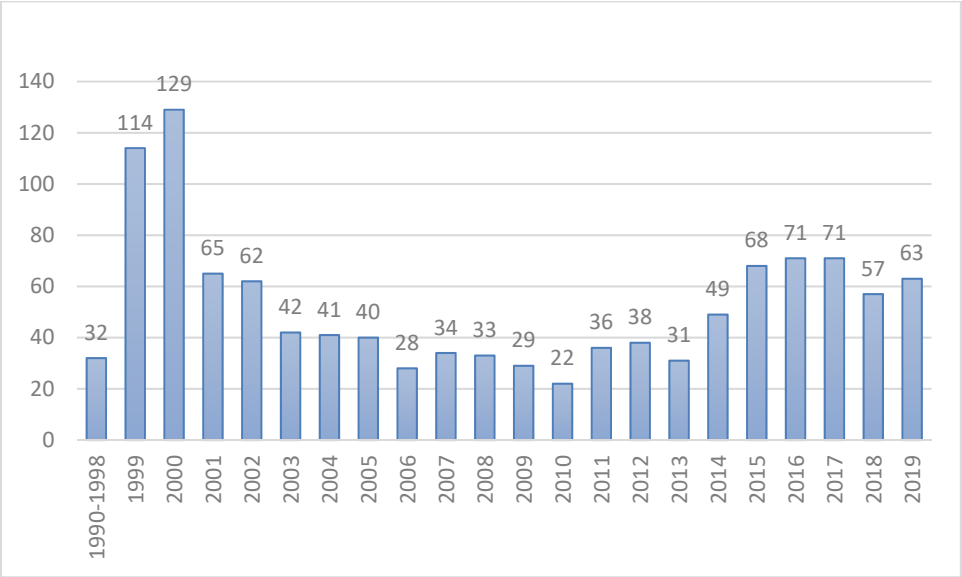


Source: SJC GIS and permit records.

The areas around Rosario and Roche Harbor resorts are two other places with concentrations of vacation rental permits. Rosario and Roche Harbor are two large master planned resorts, areas designated for additional commercial recreational development. The mean lot size of the 60 parcels with vacation rentals near Roche Harbor is 1.5 acres; the median is 0.69 acres. The mean lot size of the 25 parcels with vacation rentals near Rosario is 0.8 acres; the median is 0.55 acres.

Figure 1 shows that the number of vacation rentals permits. The average rate of growth for vacation rental permits was approximately 51 per year over the last 20 years. However, since 2015, the number of new permits issued annually has increased. In the years 2015 to 2019, the average number of new permits issued was 66 per year.

Figure 1. Vacation Rental Permits Per Year, 2000-2019.



Source: SJC DCD VR Permit Data Assembled 2019

According to the 2018 American Community Survey (ACS) conducted by the U.S. Census Bureau, there were an estimated 14,030 housing units in the County in 2018 (https://data.census.gov/cedsci/). The 2018 ACS is the most recent Census Bureau data source for total housing units in the County. There are 632 compliant vacation rentals, occupying about 4.5 percent of the total housing stock. Only 430 of those permits are active, meaning about 3 percent of the total housing stock is occupied by active vacation rental permits.

Growth Management Act Requirements

Vacation rentals are not addressed by the Growth Management Act. The County may regulate or address them as it finds necessary to accomplish the GMA statewide planning goals (4) Housing and GMA goal (5) Economic Development. The Statewide planning goals are established in RCW 36.70A.020, which states:

> (4) Housing. Encourage the availability of affordable housing to all economic segments of the population of this state, promote a variety of residential densities and housing types, and encourage preservation of existing housing stock.
>
> (5) Economic development. Encourage economic development throughout the state that is consistent with adopted comprehensive plans, promote economic opportunity for all citizens of this state, especially for unemployed and for disadvantaged persons, promote the retention and expansion of existing businesses and recruitment of new businesses, recognize regional differences impacting economic development opportunities, and encourage growth

> in areas experiencing insufficient economic growth, all within the capacities of the state's natural resources, public services, and public facilities.

How do our existing *Plan* policies and regulations address this issue?

The current regulations do not limit the number of vacation rentals allowed countywide. The County has regulated vacation rentals since the *Plan* was adopted in 1998. The *Plan* has one adopted general policy for vacation rentals, Policy 2.2.A.12:

> "Vacation rental (short-term, i.e., of less than thirty days) of a principal, single-family residential unit or an ADU should be subject to standards similar to those for hospitality commercial establishments but should be classified as a residential use for purposes of land use regulation."

This policy is implemented by Title 18 SJCC. The land use tables in Chapter 18.30 SJCC categorize vacation rentals as a residential use and determine where they are allowed. The performance standards in SJCC 18.40.275 Vacation rental of residences or accessory dwelling units (ADUs) are similar to those for other hospitality establishments such as bed and breakfasts. Some of the key requirements for vacation rentals are:

- Outside of UGAs, only one vacation rental is allowed per property (SJCC 18.40.275(A));
- Vacation rental is not allowed in an ADU permitted after 2007 (SJCC 18.40.275(A));
- The number of guests is limited to two per bedroom plus an additional three people (SJCC 18.40.275(B));
- Rules of conduct that address impacts to neighboring property owners are required (SJCC 18.40.275(C));
- Vacation rental operators must annually certify compliance with their permit conditions (SJCC 18.40.275 (J) and (K)); and
- Vacation rentals cannot be advertised without an active permit and the permit number must be included in any advertisements (SJCC 18.40.275(M)).

Two islands have prohibited vacation rentals in their adopted subarea plans. Vacation rentals are prohibited on Shaw Island by SJCC 16.45.180(C)(4). They are prohibited on Waldron Island by SJCC 16.36.060(G)(5).

Issue 1: Should the number of vacation rentals be capped or limited to prevent over-tourism?

If desired, the County Council can place a limit on the number of vacation rentals during the *Plan* update by adopting a new vacation rental policy and amending SJCC 18.40.275 to implement the new policy. A new policy in Element B.2 Land Use and Rural could establish the purpose of the limit and define how many permits would be available. If desired, this policy can be added to Section 2.2.A General Goals and Policies.

There are tradeoffs associated with limiting the number of vacation rentals. Some of the benefits of limiting the number of vacation rentals could be:

- Fewer visitors in general could decrease demand for transportation and utility infrastructure;
- The number of homes used for vacation rentals would be limited, possibly making more homes available for permanent housing rather than short-term rentals;
- Fewer vacation rentals might increase demand for alternative accommodations in commercial areas, resorts, and commercial buildings such as hotels. This could focus visitor accommodations in areas with fewer residential conflicts and reduce impacts to outlying rural areas;
- Reducing crowding and other impacts of over-tourism;

Some of the drawbacks of limiting the number of vacation rentals could be:

- A reduction of the availability of visitor accommodations as demand increases;
- Increase the rental rates for vacation rentals, increasing the demand for this use over other residential uses;
- Could slow the growth of tourism-dependent businesses; and
- Could increase the cost of housing as existing residences with a permit would have more value; and
- Slow the growth or result in stagnation of sales tax and permit revenues.

Option 1A: Lottery Limit new permits for vacation rental of residences to no more than X annually.

Option A would cap the number of new permits the County would issue each year. This would slow the rate that new permits are issued but would not limit the total number of active vacation rentals allowed. Setting the limit to a percentage of new residential building permits issued in the previous year could ensure that the growth in vacation rental permits remains at a set rate in proportion with new development. New permits would be allocated via lottery similar to the existing ADU lottery.

Option A would adopt a new vacation rental policy in Element B.2 Land Use and Rural. This policy would clarify the intent behind the vacation rental regulations and provide a policy directive for limiting the number of new vacation rental permits allowed each year. A preliminary draft of a new policy is provided below.

Adopt a new general policy for vacation rentals:

> Limit the number of new vacation rental permits issued each year to X. The limited number of new permits should be allocated annually by a lottery.

In addition to adopting a new policy, Option A would require a change to the vacation rental regulations in SJCC 18.40.275. A new subsection A could be added to SJCC 18.40.275 to apply a set limit to new vacation rental permits allowed each year. A preliminary draft is proved below.

> The number of vacation rental permits in any calendar year shall not exceed X. Vacation rental permits shall be issued by a lottery procedure established by the administrator and approved by the County Council.

Table 1. Option 1A Analysis Summary.

Efficacy	Option 1A is very effective at limiting the growth in new permits. It does not effectively limit the total number of vacation rental permits and does not address the concentration of vacation rentals in certain neighborhoods or islands.
Efficiency	Option 1A would efficiently limit the number of new permits issued each year. It would fit into the existing vacation rental regulatory scheme while only committing modest resources for administering the lottery.
Fairness	Option 1A would not affect the privileges or rights of existing permit holders. It would continue to allow applicants to get new vacation rental permits but limit the number of eligible properties.
Administrative Feasibility	Option 1A would integrate into the existing vacation rental permit program with minimal friction. The commitment of additional staff resources for the administration of capping the number of permits would be potentially offset by the reduced staff review time from receiving fewer applications. Establishing a lottery drawing as proposed in Option 1A would not be challenging for staff because a similar process is used for distributing accessory dwelling unit eligibility each year. The added administrative time for creating and administering a lottery would be offset by the reduced volume of permits.

Option 1B: Limit the total number of vacation rental permits allowed County-wide to the total number permitted as of a specific date.

Option 1B would cap the total number of permits allowed. This limit can be set to the number of permits that have been issued or vested on a specific date or on the effective date of the ordinance adopting the changes. The County would need to establish an annual lottery process for allocating new vacation rental permits as they become available. For example, on April 30, 2020, for example, there were 963 permitted vacation rentals. If the new regulations were adopted on that day, the established limit would be 963 total permits. This would prohibit new vacation rental permits until one of the existing vacation rental permits was either abandoned or revoked.

Option 1B would adopt a new vacation rental policy in Element B.2 Land Use and Rural. The policy would clarify the intent behind the vacation rental regulations and provide a policy directive for limiting the total number of vacation rental permits allowed. A preliminary draft of a new policy is provided below.

Adopt a new general land use policy for vacation rentals:

> Limit the total number of vacation rental permits to the number existing on (insert date) or at the time this *Plan* is adopted. If new permits become available because existing permits are revoked or abandoned, eligibility for a new permit should be allocated by lottery.

In addition to adopting a new policy, Option A would require a change to the vacation rental regulations in SJCC 18.40.275. A new subsection A could be added to SJCC 18.40.275 to apply a limit to the total number of vacation rental permits allowed. A preliminary draft is proved below.

> The total number of vacation rental permits allowed at any time shall not exceed the number of permits issued or vested as of (insert date). New vacation rental permits shall be issued by a lottery procedure established by the administrator and approved by the County Council.

Table 2. Option 1B Analysis Summary.

Efficacy	Option 1B is very effective at limiting the total number of vacation rental permits. It does not address the concentration of vacation rentals in certain neighborhoods or islands.
Efficiency	Option 1B would efficiently limit the number of permits in the County. This option would reduce the resources committed to permitting vacation rentals due to the lower volume of permit applications.
Fairness	Option 1B would not affect the privileges or rights of existing permit holders. It would continue to allow applicants to get new vacation rental permits but limit the number of eligible properties. As long as the limit is administered in a transparent and impartial manner, Option 1B is fair.
Administrative Feasibility	Under Option 1B, staff resources committed to vacation rentals would decrease because there would be fewer permits to review. Administering Option B would not be challenging until new permits become available. In all likelihood, only a handful of permits would become available each year because few permits would be abandoned. Establishing a lottery drawing as proposed in Option 1B would not be challenging for staff because a similar process is used for distributing accessory dwelling unit eligibility each year.

Option 1C: Limit the number of permits allowed by island to no more than the number permitted as of a specific date.

Option 1C would limit the number of vacation rental permits allowed on each island. Option 1C is very similar to Option 1B in that it could cap the number of permits allowed to those existing or vested when the ordinance becomes effective. Option C allows the County Council to establish the upper limit for the three largest ferry-served islands (note: vacation rentals are prohibited on Shaw and Waldron Islands). The County would need to establish an annual lottery process for allocating new vacation rental permits as they become available.

Option C would adopt a new vacation rental policy in Element B.2 Land Use and Rural. These policies would clarify the intent behind the vacation rental regulations and provide a policy directive for limiting the total number of vacation rental permits allowed on each island. A preliminary draft of a new policy is provided below.

Adopt a new general land use policy for vacation rentals:

> Limit the total number of vacation rental permits on each island to the number existing per island as of (insert date).

In addition to adopting new policies, Option A would require a change to the vacation rental regulations in SJCC 18.40.275. A new subsection A could be added to SJCC 18.40.275 to apply a limit to the total number of vacation rental permits allowed. A preliminary draft is proved below.

> The total number of vacation rental permits allowed at any time shall not exceed the number of permits issued or vested as of (insert date). The number of allowed permits per island shall not exceed the number of permits issued or vested on that island prior to the (insert date).

Table 3. Option 1C Analysis Summary.

Efficacy	Option 1C is very effective at limiting the total number of vacation rental permits. It also addresses the issue of concentration by island, but not by neighborhood.
Efficiency	Option 1C would efficiently limit the number of permits in the County and on each island. This option would reduce the resources committed to permitting vacation rentals due to the lower volume of permit applications.
Fairness	Option 1C would not affect the privileges or rights of existing permit holders. It would continue to allow applicants to get new vacation rental permits but limit the number of eligible properties.
Administrative Feasibility	Under Option 1C, staff resources committed to vacation rentals would decrease because there would be fewer permits to review. Administering Option C would not be challenging until a new permit became available. In all likelihood, only a handful of permits would become available each year because few permits would be abandoned. Establishing a lottery drawing as proposed in Option C would not be challenging for staff because a similar process is used for distributing accessory dwelling unit eligibility each year. The added administrative time for creating a lottery would be offset by the reduced volume of permits.

Option 1D: Limit vacation rentals to parcels with a minimum lot size of X acres.

Option 1D would create a minimum lot size for vacation rentals. Provided that the minimum required lot size was large enough, this would prevent the over-concentration of vacation rentals within neighborhoods, reduce the total number of vacation rentals possible, and reduce the impacts on neighboring properties. Impacts could be reduced because homes are typically spaced farther apart on larger lots; limiting the contact between vacation renters and neighboring properties.

465 of the 603 parcels with compliant vacation rental permits are less than 5 acres. Outside of UGAs, there are 543 parcels with vacation rental permits, with an average parcel size of 3.5 acres. The median parcel size of parcels with vacation rental permits outside of UGAs is 1.6 acres.

This option would make existing vacation rental permits on lot sizes smaller than the minimum non-conforming. A minimum lot size could be set at the acreage per dwelling unit established by the assigned density. For example, if the density is one unit per five acres, the minimum lot size could be set to 5 acres. 349 parcels with vacation rentals that are less than 5 acres are assigned a density from one dwelling per five acres to one dwelling per 40 acres. The average size of these 349 parcels is 1.6 acres. Prohibiting VR on substandard lots would render these 349 permits nonconforming. This would be 58 percent of the 603 compliant vacation rentals.

Adopt a new general land use policy for vacation rentals:

> Allow vacation rentals only on parcels that are at least X acres in size or larger to the reduce impacts of vacation rentals on adjacent properties and to prevent over-tourism.

In addition to adopting new policies, Option 1D would require a change to the vacation rental regulations in SJCC 18.40.275. A new subsection could be added to SJCC 18.40.275 to require a minimum lot size for vacation rentals.

> The minimum lot size required for a vacation rental is X acres.

Table 3. Option 1D Analysis Summary.

Efficacy	Option 1D could be very effective at limiting the total number of vacation rental permits provided the minimum lot size is large enough. It also addresses the issue of concentration of vacation rentals.
Efficiency	Option 1D would efficiently limit the number of permits in the County. This option would reduce the resources committed to permitting vacation rentals due to the lower volume of permit applications.
Fairness	Option 1D would not affect the privileges or rights of existing permit holders. It would continue to allow applicants to get new vacation rental permits but limit the number of eligible properties. Any properties less than the minimum size limit would become non-conforming, but would be allowed to continue.
Administrative Feasibility	Under Option 1D, staff resources committed to vacation rentals would decrease because there would be fewer permits to review. Administering Option C would not be difficult because a minimum lot size is simple to administer.

Option 1E: No change. Do not establish a limit to the number of vacation rentals during the *Plan* update.

Option 1E would not change the policy or regulations for vacation rentals.

Table 4. Option D Analysis Summary.

Efficacy	Option D would not effectively limit the total number of vacation rentals or slow the increase of vacation rentals.
Efficiency	Option D would not change the resources committed to vacation rental permits.
Fairness	Option D is fair because under the current regulations, all qualifying property owners can get a vacation rental permit in the land use designations where the use is allowed. Under this option there is no net change in rights or privileges.
Administrative Feasibility	Option D would not affect administering vacation rental permits. County staff already has an established process for reviewing permit applications and enforcing the regulations.

Issue 2: Should vacation rentals be limited in UGAs to avoid overconcentration of vacation rentals and promote availability of long-term rentals?

The County has three UGAs: Friday Harbor, Eastsound, and Lopez Village. Friday Harbor is an incorporated town that regulates their land use inside the UGA. The County regulates land uses in the Eastsound and Lopez Village UGAs. These areas are unique in the County because they allow the most intense development. As a result, neighborhoods in the UGAs are denser than other parts of the County.

The higher density in UGA neighborhoods can exacerbate the negative affects vacation rentals might have on neighbors. First, having homes closer together can increase impacts because the land use is physically closer to other residential uses. Furthermore, denser residential development can result in more vacation rental permits per acre than what normally occurs outside of the UGAs. A common complaint about vacation rentals is that neighborhoods can be 'taken over' by vacation rentals. Map 1 below shows one neighborhood in Eastsound, north of Orcas Road in the southwest corner of the UGA that illustrates neighborhood saturation. The achieved density in this neighborhood is roughly four dwelling units per acre. This neighborhood is designated Eastsound Residential with a density of 2 dwellings per acre.

Map 1. Vacation Rental Permits in Southwest Eastsound.

Source: SJC GIS.

In UGAS, two or more vacation rentals are allowed on most properties – one in the house and one in the ADU. This has occurred on several properties in Eastsound.

In Eastsound, vacation rentals are allowed outright in the Eastsound Village Commercial designation. A provisional use permit is required for vacation rentals in the Village Residential, Eastsound Residential, and

Marina land use designations. In Lopez Village, vacation rentals are allowed outright in Lopez Village Commercial, require a provisional use in Lopez Village Residential, and are prohibited in Lopez Village Institutional.

Some of the benefits of allowing vacation rentals in UGAs are:

- Vacation rentals in UGAs do not affect rural character,
- UGAs have most of the retail, restaurants, and other services tourists often seek, potentially reducing the car trips per day and vehicle miles traveled by those staying in the UGA; and
- Vacation rental can be a source of income for residents, many of whom are living in the UGA because it is more affordable.

Some of the drawbacks of allowing vacation rentals in the UGAs are:

- More affordable and less-expensive market rate housing are in the UGAs. This means that vacation rentals in UGAs are more likely to take place in housing that would be in middle- and low-income price ranges;
- Higher housing density can exacerbate noise and other impacts to neighboring property owners because houses are closer together; and
- The ability to vacation rent may facilitate purchase of housing by second homeowners, who compete with residents for limited housing available in the market.

Option 2A: Prohibit new vacation rentals in Accessory Dwelling Units and limit them to one per property in the Urban Growth Area.

Option 2A would prohibit new vacation rentals in all Accessory Dwelling Units (ADUs), including those permitted before 2007 and those located within an Urban Growth Areas (UGAs). It would allow a maximum of one vacation rental per property within the Urban Growth Area. This would reduce the number of vacation rentals in urban growth areas. Option 2A could increase the availability of long-term rentals and reduce the concentration of vacation rentals in UGAs.

Prohibiting new vacation rentals in all ADUs would make all legally established existing vacation rentals in ADUs nonconforming. Nonconforming uses can continue provided the degree of nonconformity is not increased. A nonconforming use is abandoned when it is ceased or discontinued for twenty-four consecutive months. Once a nonconforming use is abandoned it is no longer legally established.

If the County prohibits vacation rentals in all ADUs, a new policy should be adopted in the general land use policies in Element B.2 Land Use and Rural. A preliminary draft of such a policy is provided below.

Adopt a new general land use policy for vacation rentals:

> Increase availability of accessory dwelling units for long term rental by prohibiting their use for vacation rental.

In addition to adopting a new policy, Option D would require a change to the vacation rental regulations in the SJCC 18.40.275(A). Subsection SJCC 18.40.275(A) could be amended to prohibit vacation rentals in ADUs. A preliminary draft is proved below.

> A. O~~utside of urban growth areas,~~ one vacation rental is allowed on a property~~, either in the principal residence or an accessory dwelling~~. ~~Detached a~~Accessory dwelling units ~~permitted on or after June 29, 2007,~~ are not allowed to be vacation rentals.

The preliminary draft amendments to SJCC 18.40.275(A) is the simplest way to prohibit vacation rentals in all accessory dwelling units. This would make all vacation rentals currently permitted in ADUs legally existing nonconforming uses. Legally existing nonconforming structures and uses are subject to SJCC 18.40.310. They can continue the use unless the use is discontinued for twenty-four consecutive months. Any proposal to modify, expand or intensify the use requires a conditional use permit and must not increase the degree of nonconformity.

Table 4. Option 2A Analysis Summary.

Efficacy	Option 2A reduces concentration of vacation rentals in Urban Growth Areas, and may result in additional availability of long-term rentals. It does not address the overall total number of vacation rental permits county-wide, but would reduce the number within UGAs.
Efficiency	Option 2A It would fit into the existing vacation rental regulatory scheme while reducing resources committed to permit review due to a simplified regulatory scheme.
Fairness	Option 2A is fair. All property owners with ADUs would not be able to get a new vacation rental permit for their ADUs. Existing permits for vacation rentals in ADUs would become nonconforming.
Administrative Feasibility	Option 2A would not be difficult to implement. It would reduce the need for staff resources by simplifying the regulations.

Option 2B: Allow vacation rentals in commercial designations but prohibit them in all residential designations in UGAs.

Many of the problems that come up regarding vacation rentals result from the fact that these residential uses operate in a very different way than owner or long-term-renter occupied housing. The transient nature of vacation rentals means that tenants come and go every few days and are not necessarily "neighbors" to the surrounding property owners. These affects can have less impact in areas that are already designated for commercial or mixed uses, which typically do not have neighborhoods. Residential uses in these areas are often already adjacent to commercial uses unlike in residential designations. The impacts of commercial uses and residential uses that have similar affects are more expected in commercial and mixed-use areas.

Option 2B proposes prohibiting vacation rentals in the residential areas in UGAs but continuing to allow them in commercial designations. This would limit the impacts of the use to areas that do not typically have established neighborhoods. Within the UGAs, commercial designations are established to accommodate most of the commercial activity, including tourism-related uses like restaurants, hotels, and retail stores.

Adopt a new urban land use policy for vacation rentals:

> <u>Prohibit new vacation rentals in residential designations in the Eastsound and Lopez Village UGAs to reduce the impacts of vacation rentals in the densest neighborhoods.</u>

In addition to adopting new policies, Option 2B would require a change to the land use tables in Chapter 18.30 SJCC to prohibit vacation rentals in UGA residential designations.

Table 8. Option 2B Analysis Summary.

Efficacy	Option 2B would effectively halt the increase of new vacation rentals in many of the densest neighborhoods. Limiting vacation rentals in UGAs to only take place in commercial and mixed-use designations would resolve much of the conflict between vacation rentals and other residential uses in the UGAs. It may increase availability of long-term rentals within UGAs.
Efficiency	Option 2B would efficiently limit the number of new vacation rental permits issued for ADUs each year. It would fit into the existing vacation rental regulatory scheme while reducing resources committed to vacation rental permits due to lower permit volumes.
Fairness	Option 2B is fair. All property owners in residential designations in UGAs would not be able to get a new vacation rental permit. Existing permits for vacation rentals in these areas would become nonconforming. The limitations on nonconforming uses creates a disincentive for current permit holders to continue the use.
Administrative Feasibility	Option 2B would not be difficult to implement. It would not significantly increase the staff resources committed to vacation rental permits. This option would probably decrease the total number of permit applications submitted.

Option 2C: No Change.

Making no change to the policies and regulations would continue allowing new vacation rentals in Eastsound and Lopez Village in both residential areas and ADUs.

Table 9. Option C Analysis Summary.

Efficacy	Option 2C would not affect the number of vacation rentals in UGAs. This would have no effect on the number of vacation rentals in potentially affordable dwelling units in the UGAs.
Efficiency	Option 2C would not change the resources committed to vacation rental permits.
Fairness	Option 2C is fair because under the current regulations, all qualifying property owners can get a vacation rental permit in the land use designations where the use is allowed. Under this option there is no net change in rights or privileges.
Administrative Feasibility	Option 2C would not affect administering vacation rental permits. County staff already has an established process for reviewing permit applications and enforcing the regulations.