

A work session of the Astoria Common Council was held at the above place at the hour of 9:00 am.

Councilors Present: Nemlowill, Jones, Price, Brownson and Mayor LaMear.

Councilors Excused: None

Staff Present: City Manager Estes, Planner Ferber, Finance Director Brooks, and Police Chief Johnston. The meeting is recorded and will be transcribed by ABC Transcription Services, Inc.

### **HOMESTAY LODGING**

Home Stay Lodging (often referred to as "AirBnB") provides an opportunity for local residents to rent out 1-2 bedrooms in their owner occupied homes for less than 30 days. This form of transient lodging differs from long-term rental units, and requires regulations and enforcement to maintain a strong housing stock for permanent residents. Some residents state they operate home stay lodging units as they enjoy hosting guests, while others state they do it to generate additional income. Other residents have raised concerns about this type of use in residential zoning districts. There has been discussion at City Council meetings regarding this topic. The work session allows for a conversation so staff will be able to establish a policy that fits the needs of our community.

Staff's goal at this work session is to seek direction from Council on if they feel home stay lodging is appropriate for Astoria, and if so, how to best regulate and enforce home stay lodging with our given resources and staffing. Home Stay Lodging is currently regulated by the City's Development Code, City Code, and the Comprehensive Plan.

If Council wishes to prohibit home stay lodging in the future, staff will need to develop necessary code amendments to implement regulations. However, if Council wishes to continue to allow home stay lodging it is staff's recommendation that a permit process be developed.

Staff will be prepared to discuss potential permit process options if desired. The agenda packet included the following documentation to provide some background on home stay lodging issues:

- Existing homestay lodging unit data including zoning, business license, transient lodging tax data, and required steps for code enforcement
- FAQ flyer on current requirements for establishing home stay lodging
- Sample packet from the Finance Department for setting up Transient Lodging Taxes
- Current codes relevant to Home Stay Lodging
  - Definitions from Development Code
  - Taxing information from City Code
  - Neighborhood/Area visions from the Comprehensive Plan
- Article from American Planning Association on regulating home stay lodging

Staff reviewed data on existing home stay lodgings and explained how the Development and City Codes are applied. Staff also described compliance and finance issues with home stay lodgings. Staff displayed their recommendations on the screen and noted what the next steps would be, depending on whether Council chose to allow, restrict, or prohibit home stay lodgings.

Council and Staff discussed the benefits and issues pertaining to the collection of transient room taxes. Reports from companies like AirBnB could be helpful to Staff, but the reports would not provide Staff with enough details to enforce compliance. Staff recommended the City require a permit for home stay lodgings.

Councilors Brownson and Price debated the pros and cons of allowing home stay lodgings in Astoria. Councilor Brownson supported limiting home stay lodgings to units with shared facilities that could not be rented out long term.

Mayor LaMear shared why she believed home stays should be allowed with restrictions. She understood enforcement was an issue, but believed home stays could provide revenue for the City. Council and Staff briefly discussed technology the City could use to help enforce code compliance.

Councilors discussed the impact of home stay lodgings on the availability of affordable housing for permanent residents.

- Councilor Jones believed home stay lodging restrictions should be designed to promote affordable housing for permanent residents by making permits and penalties expensive. If the fees were high enough, the City could afford to hire a part-time code compliance officer. Council should also consider which restrictions would help maintain the character of Astoria's neighborhoods.
- Councilor Price believed most of the existing home stay lodgings were illegal and kept long-term rental units off the housing market. She was concerned that property owners who were not in compliance would convert their home stay lodgings into accessory dwelling units (ADUs). She believed the hoteliers and bed and breakfast owners in Astoria gave the same level of personal service that a home stay lodging owner would give and therefore, it would not be necessary to stay in a home stay lodging to experience the culture of the city.
  - City Manager Estes noted that short-term rentals in commercial zones were classified as hotels.
- Councilor Nemlowill believed the housing shortage was critical to the character of the community and the economy. She wanted Astoria to be a place where workers could live.
  - Mayor LaMear disagreed that local workers would want their permanent residence to be a bedroom in a home with a shared kitchen and bath. Councilor Brownson added that homeowners would not be interested in renting a bedroom on a long-term basis. Home stay lodgings provide homeowners with additional income, which makes Astoria more affordable for residents and allows some to maintain or renovate their homes.
- Councilor Nemlowill was concerned that home stay lodgings would increase to become large-scale commercial developments in neighborhoods.

Councilor Price believed the City's discussions over the last 10 months about regulating home stay lodgings has led to a rush to establish home stay lodgings before laws are changed. Therefore, she suggested a six-month moratorium, during which time the City can take public input and continue discussions about how to regulate home stay lodgings without gaining additional units. City Manager Estes said the City Attorney would need to advise Council on how to implement a development moratorium. Councilor Brownson agreed the City should establish a moratorium.

Staff presented their recommended solutions for allowing and regulating home stay lodgings.

Council and Staff discussed a variety of scenarios that make it very difficult for Staff to verify that a home stay lodging is owner-occupied and to enforce the owner-occupied requirement. They shared ideas for preventing and resolving enforcement issues. Staff has limited capacity and the City has limited funds. However, a retroactive permitting process and collecting transient room taxes could lead to increased income for the City and most of the home stay lodgings would be operating legally.

Mayor LaMear called for comments from the public.

Loretta Maxwell, Grandview Bed and Breakfast, 1574 Grand Avenue, Astoria, said her guests want to see what Astoria is really like. She employs local people who share information about where to go in town. She was concerned about people who work in Astoria and do not have a place to live. Three of the rooms in her bed and breakfast are being rented on a monthly basis to people who want to live in Astoria. There are times when she must rent these rooms to bed and breakfast guests. People are concerned about sharing their house with long-term renters, but one of her month-to-month renters has been a quiet tenant who always pays rent on the day it is due. This person would be an asset. Another one of her month-to-month renters will be moving into a room in a two-bedroom house with access to the kitchen and laundry. The bed and breakfast must maintain a certain health standard, so she is unable to allow guests to cook in her kitchen. She does not allow guests to use her laundry facilities either. Long-term renting would be advantageous for people who have an extra bedroom. Working people who cannot find a place to live are good people who are trying to make a good life and they would be an asset to people who want to make some extra money. Her monthly renters must be interviewed and

sign a contract. She does not allow people who cannot follow the rules. She appreciated that Council was considering these issues and she hoped the community would come to a solution that is good for everyone.

Jeffrey Oja, 1134 Grand Avenue, Astoria, said the City should be cautious when considering how much tax revenue would be needed to cover enforcement. Existing laws are not being enforced and parking is already an issue. He was opposed to grandfathering-in all of the home stay lodgings that have been operating outside of the restrictions because doing so would exacerbate the parking issues. Enforcing the rules will eliminate a tremendous number of historic homes that do not have off-street parking. He believed the City would have a difficult time raising enough tax revenue to pay someone to regulate the home stay lodgings. The City should find another way to fund a permanent code enforcement employee. As a police officer in Seaside, he has seen many ordinances put in place that Staff cannot afford to enforce. The community becomes upset with City Council and the Police Department when the laws do no good.

Diana Bartolotta, 3658 Franklin Avenue, Astoria, thanked City Council for discussing this topic and Staff for publishing a comprehensive agenda packet. She has had a shared house in Astoria for about five years. She has stopped advertising on AirBnB because she is waiting to see what the rules will be. She asked what City Council was trying to achieve. She understood Staff wanted a process that could be enforced and Council wanted more long-term permanent housing. She asked if Council had assumed that restricting or prohibiting home stay lodgings would lead to more housing. She has an empty room in her house that will remain empty because it is disruptive to have a person in her house all the time. She also wants the room to be available for her tenants' overnight guests. From time to time, she would like to rent the room for extra money. In the months that she has been following this discussion, she has heard a lot of talk about the idea that advertising a home stay lodging as having a full kitchen means the lodging is an entire house. This is incorrect. Her house is listed as having a full kitchen because her guests get to use her kitchen. Listing a property as having a full kitchen does not mean the kitchen is exclusively for guest use. She recommended the City look for AirBnB's "full house/apartment" designation. She confirmed with Staff that vacation home rentals were only allowed in commercial zones. Some people are opposed to home stay lodgings because they believe the lodgings benefit tourists instead of local residents and because there are no safety regulations. Long-term rentals are not inspected or required to have smoke detectors, so she questioned why people were concerned about the tourists' safety instead of local residents' safety. She did not believe that property owners would want the City inspecting their homes for short or long-term rental situations.

Chris Haefker, 687 12<sup>th</sup> Street, Astoria, stated that part of this discussion began because Astoria does not have enough workforce housing. A baker working at a brewery for \$14 an hour cannot afford a downtown apartment listed at \$800 a month. He believed \$800 is a reasonable amount for a decent apartment in downtown. He also believed that a room in a house would have to be rented for about \$600 a month because of home values in the area, financing costs at current market rates, insurance, and maintenance costs. Utilities would be an additional \$100 a month. Housing costs of \$700 a month are just below the cap of what is considered affordable housing for someone with a \$15 per hour job. It might not be a great strategy for Council to think that taking away from home stay lodgings would allow people to rent rooms in downtown homes that have just recently been purchased. If the City wants to look at affordable housing, especially for low-income people, Council should consider ways to funnel more money into the voucher system and partnering with Clatsop Community Housing. His vacancies are not being filled at a high rate, so he was hesitant to believe there was a housing crisis for people who were not low-income. Apartments for \$800 and \$900 are not renting and he believed the City should focus on helping the working class making less than \$14 an hour. The City needs to figure out how to give the working class a higher income instead of passing the buck on to landlords and people dealing with the historic inventory on a tight budget.

Misha Cameron-Lattek, 1820 SE 3<sup>rd</sup> Street, Astoria, thanked Council and Staff for taking this issue seriously because home stay lodgings are a serious issue in the community and beyond. Home stay lodgings are part of a bigger income and equality situation in the town. Some people can afford to buy houses in Astoria because they are so cheap while others have trouble finding housing. Affordable housing affects him indirectly because he employs people who try to make a living in this town. He thanked Mr. Haefker for doing the research to figure out what someone making \$15 an hour could afford. He was impressed with Staff's presentation and wished the presentation were a bigger part of the debate. He believed the conversation got off track quickly and many questions would have been answered in the presentation. Council can debate whether a spare bedroom is affordable housing to someone who might want to live in the room, given that the owner wants to rent it out. However, that will not address the overall housing shortage. Astoria must create more affordable housing by

adding houses or making the empty houses available. A good way to address homelessness would be to provide non-permanent dwellings on empty lots. This will not solve the problem, but it is a small solution for a serious problem. He was disappointed to hear that City Council decided to exclude tiny houses from the ADU ordinance. Tiny homes are a fast, cheap way to address a temporary problem.

Mayor LaMear confirmed there were no more public comments and asked Councilor to indicate whether they wanted to allow or prohibit home stay lodgings. Councilors' preferences were as follows:

- Councilor Price - impose a moratorium and allow home stay lodgings with restrictions.
- Councilor Jones – explore Staff's recommended options for allowing and regulating home stay lodgings.
- Councilor Brownson – impose a moratorium and discuss Staff's recommendations.
- Councilor Nemlowill – prohibit home stay lodgings
- Mayor LaMear – allow home stay lodgings and bring the currently illegal home stay lodgings into compliance

Council and Staff discussed the possibility of imposing a temporary moratorium on home stay lodgings. Mayor LaMear believed new ordinances were necessary despite enforcement issues and limited Staff capacity. Staff confirmed that code amendments take between six months and one year to complete. City Manager Estes suggested Council consider the City Attorney's comments on a moratorium at the first meeting in June.

Councilor Jones preferred the moratorium be lifted after a specified action had been completed, as opposed to setting an end date. Councilor Price believed a six-month moratorium would be appropriate. Councilor Brownson said if a moratorium was not possible, Council should consider a mechanism for bringing currently illegal home stay lodgings into compliance with any new rules that are implemented.

Councilor Nemlowill believed current lack of compliance was evidence that Staff does not have the capacity to enforce codes. She believed home stay lodgings took away from housing stock. Restrictions and permitting processes might help with enforcement a little bit, but she believed non-compliance would still be a problem. She asked why Director Cronin was not present to discuss such a big issue that will require the City to dig deep into the Development Code. City Manager Estes explained that Director Cronin was not working on this project because he has a home stay lodging unit in his home, so it would be a conflict of interest for Director Cronin to participate.

Councilor Nemlowill agreed that illegal home stay lodgings should be in compliance, but was concerned about the capacity of the Community Development Department to enforce current laws without Director Cronin. Councilor Brownson understood why Director Cronin recused himself, but did not believe it was necessary. He believed Director Cronin should work as directed by City Council and City Manager Estes. City Manager Estes explained that the Oregon Ethics Commission and City Attorney Henningsgaard determined it was necessary for Director Cronin to refrain from working on home stay lodging issues because he had a personal financial interest.

Mayor LaMear asked if third party inspectors would be certified. Staff confirmed they would recommend home inspectors that provide services to homebuyers. Staff would also have to develop inspection criteria. Other cities require inspectors to look at egresses, windows, and bedroom sizes. The property owners would be required to hire an inspector.

Mayor LaMear supported a moratorium so that Staff can work on code amendments and a permitting process without having more home stays added to the city. She believed the majority of Council wanted to allow home stay lodgings with restrictions that can be enforced.

City Manager Estes reminded that Staff needed to find out if a moratorium would be possible. Staff can discuss the possibility of a moratorium at City Council's first meeting in June. Councilors Jones and Nemlowill believed a moratorium would incentivize non-compliance. Staff confirmed that the Community Development Department's workload was already full. Additional resources will need to be brought in so that Staff can work on home stay lodging issues. City Manager Estes said he has been talking with Director Cronin about Staff's capacity for projects like implementing Phase 4 of the Riverfront Vision Plan, Advance Astoria, and the west end streetscape project. The Community Development Department is currently developing a site plan review process and there are other development review process issues that need to be resolved.

Councilor Price believed Staff's limited capacity was a good reason to refrain from changing home stay lodging requirements at this time. City Manager Estes confirmed that Staff could get the work done, but it would take about a year and the Community Development Department would need additional resources. He explained that lack of personnel and increased workloads have required all departments to look for additional resources.

Councilor Price said she has done a lot of research and found that every city that has allowed vacation rentals has ended up in some very bad situations. These cities are all now in the process of trying to make new regulations and having horrible enforcement issues. Vacation rentals are not good for Astoria just as they have not been good for any other city. Vacation rentals destroy communities.

Mayor LaMear noted that vacation rentals are classified as hotels and motels and the buildings are not owner or manager occupied. She reminded that this conversation was not about vacation rentals. Councilor Price disagreed and said the difference between a vacation rental and a home stay lodging was irrelevant because enforcement was the issue.

Councilor Jones said people are already doing illegal things in town and banning an activity will not fix the enforcement problems. He believed the City should move forward with home stay lodging requirements even though it will take some time. The priority should be to implement a retroactive permitting process. City Council should focus on increasing the number of permanent residential housing units in the community. Home stay lodgings will not make a huge difference to the housing issues. Staff and Council have a lot more work to do over the next year to increase housing and home stay lodgings will not get the City very far. The City needs to focus on the recommendations in the Affordable Housing Study that will make a big difference.

Mayor LaMear asked the community to come forward with any ideas to help the affordable housing crisis. She would love for a developer to buy the Clatsop Care building and turn it into affordable housing. However, she understood why renovating buildings like that were cost prohibitive. She thanked the public for their interest and their comments.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:09 am.

**ATTEST:**

**APPROVED:**

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Finance Director

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City Manager