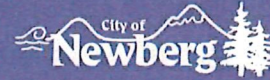


REQUEST FOR COUNCIL ACTION



Order ☐ Ordinance ☒ Resolution ☐ Motion ☐ Information ☐ Proclamation ☐

No. 2025-2935

Subject: Hearing for Vacation Rental Home Regulations

Staff: James Dingwall, Scot Siegel
Department: Community Development

Business Session

Order On Agenda: Public Hearing

Hearing Type: Legislative ☒ Quasi-Judicial ☐ Administrative ☐ Not Applicable ☐

Date Action Requested: August 4, 2025

Is this item state mandated? Yes ☐ No ☒

If yes, please cite the state house bill or order that necessitated this action: N/A

Recommendation:

- Deliberate and provide direction on the “one-time burn” provision for existing Conditional Use Permits.
- Adopt Ordinance No. 2025-2935 amending the Newberg Municipal Code, Title 3 Revenue and Finance and Title 15 Development code with updates to the City’s vacation rental home policy.

Executive Summary: On May 8, 2025 the Newberg Planning Commission held a public hearing to make a recommendation to City Council on the proposed vacation rental home policy updates. After receiving public comments and deliberating, the Planning Commission approved Resolution No. 2025-399 recommending the Newberg City Council amend the Newberg Municipal Code to update vacation rental home policy. The Newberg City Council held a work session on June 2, 2025 to review the recommendation and proposed development code amendments. City Council opened the public hearing to consider adoption of Ordinance No. 2025-2935 on July 7, 2025. The Planning Commission recommendations include:

- Title 3 Revenue and Finance
 - o Require vacation rental agents (e.g., AirBnB) to collect and remit transient lodging tax where an agent is used to advertise, manage, or book the vacation rental home.
- Title 15 Development Code
 - o Amend the zoning use table to require a Type II Special Use Permit for vacation rental home land use approval.
 - o Update the parking requirement for vacation rental homes (1 off-street space for every two bedrooms, rounding up, with a minimum of two spaces). For example:
 - 1-4 bedroom = 2 parking spaces
 - 5-6 bedrooms = 3 parking spaces
 - 7-8 bedrooms = 4 parking spaces

- Create a cap of the total number of vacation rental homes permitted in Newberg at two percent of the number of households in the city. Provide for grandfathering of legal nonconforming rental homes and define amortization of illegal vacation rental homes.
- Require designation of a local manager within 40 miles of the vacation rental home.
- Require vacation rental home operator to provide annual “good neighbor” notice to surrounding property owners.
- Limit transferability of vacation rental home registration to ensure compliance with city standards.
- Increase penalty for unregistered vacation rental home operation.

Following the City Council work session on June 2, 2025, the following development code amendment was included:

- Conditional use permits for vacation rental home issued prior to the updated vacation rental home policy’s effective date are transferrable to one subsequent owner or contract purchaser, and thereafter subject to the updated ownership provisions.

At the July 7, 2025 public hearing, City Council requested staff provide updated code language and legal review of the provisions to include a “one-time” transfer for existing conditions use permit approval for vacation rental homes.

Fiscal Impact: The primary additional cost will be staff time to track amortized home rentals, though this will diminish over time and eventually end. The Rentalscape software for vacation rental home activity monitoring, included in the Planning Division budget, will assist with enforcement. The primary cost savings is the procedural change from the Conditional Use Permit (Type III) procedure to a Special Use Type II permit, which will save staff time and City resources.

Council Goals: This item is related to:

Goal 7. Preserve the balance between the needs of the tourism industry and preserving the character of our town.

Objective 1: Implement and codify the new STR rules within one year.

Attachments:

Ordinance No. 2025-2935

Exhibit A-1. Development Code Amendments

Exhibit A-2. Findings

Exhibit B. Planning Commission Resolution No. 2025-399

Exhibit C. May 8, 2025 Newberg Planning Commission Minutes

STAFF REPORT

AMENDING THE NEWBERG MUNICIPAL CODE, TITLE 3 REVENUE AND FINANCE AND TITLE 15 DEVELOPMENT CODE, FOR UPDATES TO VACATION RENTAL HOME POLICY

- A. SUMMARY:** Updates to the City's vacation rental home policy are reflected in the attached code amendments. The proposed amendments include changes to the Zoning Use Table classifications (NMC 15.305), Special Use Standards (NMC 15.445), and Transient Lodging Tax (NMC 3.10).
- B. BACKGROUND:** In March 2022, The Community Development Department provided an update to the Newberg City Council on the status of vacation rental homes. During that update, City staff noted that the rate of applications for vacation rental home applications had slowed during the COVID-19 pandemic, but had subsequently increased, raising concerns about how to balance business and tourism opportunities for vacations rental homes with potential changes in the character of neighborhoods and reductions in potentially available housing stock. Newberg City Council made no policy changes at that time but requested that Community Development Department staff return in the following year for another update. In August and September 2023, the Planning Commission received the Draft *Vacation Rental Home and Short-Term Rental White Paper*. During the public meetings, the Planning Commission created a request for a temporary moratorium on new vacation rental home applications and a series of recommendations on future updates to Vacation Rental Home regulations which were both provided to City Council in later meetings.

The City Council did not impose a moratorium, but in September 2023, the Newberg City Council established the Short-Term Rental Ad Hoc Committee, comprised of City Councilors and members of the public. Community Development Department staff provided an overview of the *Vacation Rental Home and Short-Term Rental White Paper* and Planning Commission recommendations to the City Council in November. The Vacation Rental Home and Short-Term Rental White Paper included background on the City's existing regulations, recent trends related to vacation rental home operations, an analysis of public comments on vacation rental homes permitted between 2016 and 2023, and an overview of regulatory approaches that jurisdictions in Oregon and other communities use to manage vacation rental activities.

The Short-Term Rental Ad Hoc Committee convened five times between September 2023 and February 2024 to receive information and develop recommendations to Newberg City Council for future updates to the vacation rental home regulations. On February 1, 2024, the committee unanimously voted on a suite of recommendations to be shared with the City Council. The meetings included discussion on the pros and cons of vacation rental homes; land use application procedures; improving operator compliance, including transient lodging tax remittances, business licenses, and land use permitting approvals; software options for short-term rental program management by City staff; and criteria enhancements related to Newberg Municipal Code requirements.

On March 4, 2024, the Newberg City Council received an update on the Short-Term Rental Ad Hoc Committee's recommendations, and directed staff to update regulations and operations for

vacation rental homes. The Short-Term Rental Ad Hoc Committee was also decommissioned by the City Council during this meeting. The work assignment was added to the *2024 Planning Division Work Plan* as a Critical Project.

In August 2024, the Newberg City Council hosted a community listening session which introduced issues related to vacation rental homes and invited public comments related to the topic. The City Council and Planning Commission held a joint work session in October to review the development code amendment scope of work and provide an opportunity for the Planning Commission to communicate past interaction with the public and thoughts on the City's current vacation rental home regulation, implementation, and initial policy recommendations. Following the approval of the project's scope of work in November and December 2024, the Community Development Department held a series of community engagement events to provide information on current policy and receive input from the public on the proposed policy recommendations. The community engagement events included two in-person open houses, one focused on vacation rental home operators, one virtual open house, and an online survey.

Updating vacation rental home policy within one year was adopted as a Newberg City Council objective in January 2025 to support the goal of "Preserving the balance between the needs of the tourism industry and preserving the character of our town."

On March 17, 2025 the Newberg City Council received a summary of the project's community engagement efforts and provided direction on policy. The Planning Commission held a work session on the draft proposed development code amendments on April 10, 2025. The Planning Commission held a public hearing on the proposed development code amendments on May 8, 2025, approving Planning Commission Resolution No. 2025-399 recommending that the City Council amend the Newberg Municipal Code Title 3 Finance and Revenue and Title 15 Development Code to update vacation rental home policy. The City Council held a work session on June 2, 2025, to review the Planning Commission recommendation and proposed development code amendments.

- C. **PROCESS:** A Development Code Amendment initiated by the City is a legislative action which follows Type IV procedures pursuant to Newberg Municipal Code 15.100.060 and procedures for published notice on Type IV procedures pursuant to Newberg Municipal Code 15.100.270. The Planning Commission will hold a legislative public hearing on the application. The Commission will make a recommendation to the Newberg City Council. Following the Planning Commission's recommendation, the Newberg City Council will hold a legislative public hearing to consider the matter. Important dates related to this application are as follows:

03/04/24:	The Newberg City Council initiated amendments to the Newberg Municipal Code updating vacation rental home policy by a motion.
10/28/24:	The Newberg City Council and Planning Commission held a joint work session to approve the DCA24-0003 project scope of work.

4/3/25	Planning staff published a Post-Acknowledgement Plan Amendment (PAPA) notice with the Department of Land Conservation and Development.
4/10/25	Planning Commission conducted a workshop on the proposed development code amendment.
10/31/24:	Planning staff placed notice of public hearing on Newberg's website and posted notice in four public buildings.
4/24/25:	The <i>Newberg Graphic</i> published notice of the hearing.
5/8/25:	The Planning Commission held a public hearing, took public testimony, and deliberated on the proposed amendments. The Planning Commission approved Planning Commission Resolution No. 2025-399 recommending that the City Council adopt the Development Code Amendments to update the City's vacation rental home policy.
6/2/25:	The City Council held a work session to review the Planning Commission recommendation and conduct a workshop on the proposed development code amendments.
7/7/25:	The City Council opened a public hearing to consider Ordinance No. 2025-2935
8/4/25:	The City Council will continue consideration of Ordinance No. 2025-2935.

- D. STAFF/AGENCY COMMENTS:** Per NMC 15.100.120, on Type IV procedures, the director shall provide referrals to ODOT and other agencies in compliance with state law and as otherwise determined by the City. A referral request was sent to ODOT, and no comment was provided. A post-acknowledgement plan amendment was submitted to the Department of Land Conservation and Development on April 3, 2025.
- E. PUBLIC COMMENTS:** As of the writing of this report, the City has not received any public comments for the City Council public hearing.
- F. DISCUSSION:** The proposed development code amendment includes a range of policy updates designed to increase compliance with registration and transient lodging tax remittance, manage the number of vacation rental homes and approval process, require additional noticing and local management, and clarify permit duration. Policy changes include:
- Requiring agents to collect transient lodging tax and submit returns where used by an operator.
 - Applying the same Special Use standards to vacation rental rentals in all zones. (The amendment replaces the conditional use permit requirement for vacation rentals in the R-1 and R-2 zones with the special use permit requirement.)

- Creating a citywide cap on the number of vacation rental home permits issued limited to two percent of the number of households in Newberg.
- Establishing additional penalties for operating without registration.
- Requiring vacation rental home operators to complete annual “good neighbor” mailings to properties within 500 feet.
- Clarifying that permit approvals for vacation rental home operation are limited to the property owner-applicant. Vacation rental permits terminate with the sale or transfer of a property to a new owner.
- Requiring a vacation rental home operator to designate a local manager located within 40 miles of the site.
- Allowing existing conditional use permits for vacation rental homes to be transferred to subsequent owners or contract purchasers one time, after which they would be subject to the updated ownership provisions.

The proposed policy changes are recommended along with operational changes implemented by the Community Development Department including utilizing a software solution to track vacation rental home operations within the City and to support code compliance efforts. This software solution is being introduced in concert with the introduction of the City’s new online permitting system and updated website.

ORDINANCE NO. 2025-2935



An Ordinance amending the Newberg Municipal Code Title 3 Revenue and Finance and Title 15 Development Code to update vacation rental home policy.

Recitals:

1. On September 15, 2013, the Newberg City Council adopted Ordinance No. 2013-2763 containing multiple amendments to the Newberg Municipal Code zoning use table and definitions, approval criteria, and development standards for the operation of vacation rental homes.
2. On September 5, 2023, the Newberg City Council formed a Short-Term Rental Ad Hoc Committee.
3. On September 14, 2023, the Newberg Planning Commission approved recommendations for updates to the City's vacation rental home regulations.
4. On February 1, 2024, the Short-Term Rental Ad Hoc Committee unanimously approved recommendations for updates to the City's vacation rental home regulations.
5. On March 4, 2024, the Newberg City Council directed staff to updated regulations and operations for vacation rental homes.
6. On August 22, 2024, the Newberg City Council hosted a community listening session and on November 20, 2024, December 3, 2024, and December 4, 2024, staff held public engagement events to receive community feedback on recommended policy updates.
7. On April 3, 2025, staff submitted a Post-Acknowledgement Plan Amendment notice with the Department of Land Conservation and Development.
8. On April 10, 2025, the Newberg Planning Commission conducted a work session on the proposed development code amendments.
9. On May 8, 2025, after proper notice, the Newberg Planning Commission opened a public hearing, considered public testimony, deliberated, and approved Planning Commission Resolution No. 2025-399, recommending that the Newberg City Council amend the Newberg Municipal Code Title 3 Revenue and Finance and Title 15 Development Code to update vacation rental home policy.
10. On June 2, 2025, the Newberg City Council conducted a work session on the Planning Commission recommendation and proposed development code amendments.

11. On July 7, 2025, after proper notice, the Newberg City Council opened a public hearing, considered public testimony, and deliberated.

12. On August 4, 2025, the Newberg City Council continued a public hearing, considered public testimony, deliberated, and found that the proposed amendments were in the best interests of the City of Newberg. The City Council asked staff to provide a one-year update on vacation rental home registration.

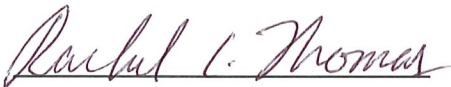
The City of Newberg Ordains as Follows:

1. The Newberg Development Code is amended as shown in Exhibit “A-1”.
2. The adoption is based upon the findings in Exhibit “A-2”.
3. Exhibits “A-1” and “A-2” are hereby adopted and by this reference incorporated.

Effective Date of this ordinance is the 30 days after the adoption date, which is: September 3rd, 2025.

Adopted by the City Council of Newberg, Oregon, this 4th day of August, 2025, by the following votes:

AYE: 5 **NAY:** 1 **ABSTAIN:** 0



Rachel Thomas, City Recorder

Attest by the Mayor this 4 day of August, 2025.



Bill Rosacker, Mayor