January 4, 2018

Bellingham Planning Commission
Bellingham City Hall
210 Lottie Street
Bellingham, WA 98225

RE: Short-term Rental Regulation

Dear Commission Members:

Thank you for the opportunity to provide comments on the proposed regulation of short-term rentals in the City of Bellingham. Please consider these comments in your deliberations.

Available Research: At the outset, it should be noted that the available information on this topic is lacking at best. City staff have noted the use of a website named AirDNA, a website that analyses the various listings on vacation/short-term rentals in various locations including Bellingham.

Initially, staff noted that AirDNA noted the presence of 346 rental properties in the staff report presented at the September 2017 Planning Commission meeting. As of this morning, the current number of rentals according to that site is 288, a 17% decrease in just over four months. Here are some observations on that data:
- the rentals include recreational vehicles and watercraft (yachts);
- the area analyzed includes areas outside city limits;
- a quick view of the map showing various rentals demonstrates almost uniform distribution between entire homes available for rent and rooms within occupied structures that are for rent;
- the decrease in available rentals suggests, at a minimum, that there is a strong seasonal component to this issue raising a question about the nature of these rentals.

We would suggest some level of additional research by staff to answer the following questions:

1) What is the number (average) of rental properties available year-round versus seasonal properties?
2) What is the distribution of entire residences available for rent versus rooms in occupied structures?
3) If those rentals were not available for short-term rental, would those properties revert to the long-term residential rental market?

Conflating of issues: The City’s lack of affordable housing is well documented and does not bear rehashing here. What is important to note is that the “crisis” has been ongoing and predates the recent increase in short-term rentals. This fact belies the assertion that, somehow, short-term rentals are any significant contributor to the City’s failure to plan for affordable housing.

The City first declared a housing emergency in the later part of 2012. At that time, Bellingham had a cumulative number of STRs of 17 – including RVs, boats, single rooms, and entire homes. Are we to somehow believe that the balance of affordable housing in Bellingham at the time the City declared this “housing crisis” hung in the balance of 17 units? The assertion begins to verge on the silly.
Recent articles in the *Bellingham Herald* have made much about the fact that housing construction in Bellingham has almost reached pre-recession levels. A recent article states that almost 200 apartment and condominium units have been permitted and over 200 single family homes have been permitted just in the past year. These numbers, which are not unusual for the past several years, substantially outpace the rate that STRs have been added to the local market.

The fact that construction is outpacing the number of STRs only serves to cast further doubt on the idea that STRs are impacting the local housing market in any appreciable manner. The recent rental vacancy report from Windermere Property Management continues to reflect a vacancy rate hovering between zero and 1% - a level that has seen little improvement despite the robust construction of housing units. The conclusion must be that in the face of high construction numbers and nearly static STR numbers (over the past 5 years), the lack of movement in the vacancy rate for rental housing suggests that the solution lies outside the STR market.

**Property Rights Considerations:** What about the issue of private property rights? Individuals own property with a view that such property can be utilized in a manner that enhances their situation in life. The presumption is that if these STRs were regulated, those units not capable of being rented on a short-term basis will revert to the long-term rental market. Is that true?

Most people utilizing the short-term rental opportunity are not seeking to be landlords. The difference in regulatory requirements between someone renting a unit long-term versus short-term are significant and many landowners are not seeking to engage in a long-term relationship with renters. Discussions with REALTOR® members revealed instances where clients used short-term rentals to bridge sales of property where long-term rental is not desirable or instances where clients who were occupying their homes for less than year-round (snowbirds, families on extended vacations or sabbaticals, etc.). Indeed, there is a well-known County Council member who places his family’s home on VRBO while the family is on extended vacation twice a year.

There were also discussions concerning sales of rental properties. Several members recalled incidents where families who were returning to properties annually made an offer to purchase the property as a residence. Once again, this property was not going to revert to the long-term rental market but, instead, sold at a market rate to a family relocating to the area – a phenomenon that is not unusual for our area – people visiting our environs become enchanted with our area and relocate here.

Perhaps the most disturbing aspect of these proposals is the limitation on the number of vacation rentals a person may own. Never, in the 20-plus years of practicing real estate law, have I seen a regulatory proposal that suggested that citizens could be limited in the number of housing units they could own or, more importantly, how that property is to be used with regard to the types of rental situations in which a property owner may engage.

The simple reality is that Bellingham has fully utilized exclusionary zoning regulations to create such a hostile housing environment that affordable housing for all but upper middle class and wealthier families is a dream. Having now found itself in the unenviable position of attempting to ameliorate the devastating effects of decades of low-density development and neighborhood protectionism, the City is seeking any means possible to foist the conversion of a personal activity that, to this point has gone unregulated (and therefore illegal according to the City), onto private landowners by prohibiting those landowners from utilizing private property in any fashion other than that which benefits the City. That prospect should concern any individual with a basic understanding of private property rights.
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Nothing in these comments should be construed as the Association's opposition against all regulation. The REALTORS® agree that steps should be taken to ensure the collection of appropriate taxes and that properties in the STR market meet health and safety standards. That being said, it is well known that the rental platforms for STRs contain evaluations and client reviews that create intense competition between properties, a situation that quickly reveals less than desirable conditions with available properties, self-regulation of a sort.

Thank you for your consideration of these comments. Please do not hesitate to contact the Association with any additional questions you may have.

Sincerely,

[Signature]

R. Perry Eskridge  
Exec. Officer/Gov't Affairs Dir.

cc: Board of Directors  
File
Dear Lisa:

Thank you to you and your colleagues for tackling the difficult issue of short-term rentals in Bellingham. I hope that Bellingham can institute regulations that are easy to regulate, easy to understand and fair to all concerned. I agree that regulations are needed and I am happy to register and pay any fees associated with our short-term rental.

We have a detached ADU in the Cornwall Park neighborhood that we went through the permitting process to build. We paid all the fees and followed all the regulations that were in force at the time. We signed an affidavit acknowledging that we would live at the residence and not rent out both our home and ADU. We believed we were in compliance. We have 5 children and 9 parents/grandparents and a large extended family who come to town quite often. We use our space to accommodate our family. However, when we don’t have family visiting, we have listed our space on AirBnB and rent our space on a short-term basis. We like having the ability to block out time when we either have family visiting or we are not around to assist our guests. The ability to generate a bit of income helped us to reconcile the additional cost of the building permit when we built our home and ADU. Had we known that detached ADUs were going to be regulated in this way, we would have changed the design slightly to make it an attached ADU.

A map from the City of Bellingham shows that there are 6 detached ADUs that are complete. Ours is one of these. I believe that these 6 ADUs should be grandfathered in and allowed to rent as short term rentals. We paid for a building permit and built before the short-term rental regulations. Any new ADU building permits would include the information about short-term rental regulations providing builders and homeowners this information when making building decisions.

I believe that the owner-occupancy is key to short-term rentals co-existing peacefully in neighborhoods. We have never had an issue with our rental. We are available for any problems that may arise. Our space can have a maximum of 2 people and 1 car. I think that the majority of the issues stem from stand-alone full house rentals without owner oversight. These homes should be in the long-term rental inventory. We currently own
a small 2-bedroom house in the Cornwall Park neighborhood. Many people have told us that it would be a great short-term rental and how we could make a lot more money renting it out short-term. We rent it out on a long-term basis, because we believe that it is the right thing to do. I believe the new regulations should ban full-house rentals where the owner is not on site.

As you are probably aware, there are many DADUS in the city of Bellingham that did not go through the proper channels when built. They didn't purchase a building permit or sign an affidavit. Enforcement should be focused on these rentals instead of adding new regulations to those of us who followed the rules and paid for a building permit.

If I understand the proposal correctly, although we cannot rent out our less than 400 square foot studio, we can rent our home out for 182 days a year and not even be present. IF we cannot be grandfathered in, it seems like we should at least be able to rent out our ADU for 182 days a year as long as we are present in the main house. Renting out our 3-bedroom house would have a much larger impact on our neighborhood.

I am sorry that I am late in providing my feedback on this important issue. I really didn't pay that much attention since I am in favor of regulations and I thought we were in compliance since we followed all the regulations in place at the time we built. I hope that I am not too late to have my voice heard.

Thank you again for your work on this important issue.

Donna Janigo
2627 Grove St
Bellingham WA 98225
360-510-1554

PS I'm not sure who else to share my thoughts with, could you please forward as you see appropriate. Thank you.
Greetings,

Yesterday, I read a lengthy thread on a social media site I recently joined called, "Nextdoor Columbia", wherein folks shared thoughts about the City of Bellingham allowing DADU's in every neighborhood.

I learned many folks are so upset at the prospect of DADU's that there's now a "Bellingham Neighborhood Coalition" planning a meeting called, "Yes, You CAN Fight City Hall: Lessons Learned from Seattle" for this Thursday at the library. The idea of "fighting" sounds absurd to me & is a terrible approach to effecting positive change. That said, out of curiosity....I'm planning to attend the meeting so I can hear precisely what perceived change these folks are so afraid of if DADU's are allowed. Personally, I am not opposed to ADU's (attached or not) nor am I opposed to short-term B & B's in neighborhoods.

One "hot button" I read repeatedly on Nextdoor is many folks worry DADU's will become AirBnB or VRBO's. To me, this would actually be a positive outcome. I don't operate an AirBnB or VRBO but I have stayed in many when traveling & know friends who operate a few themselves that help them afford living in their own home. I can personally attest that I have never seen or stayed in a run-down or neglected AirBnB/VRBO property. If anything...the AirBnB/VRBO properties are better cared for than most of the single-family homes and long term rentals in the same neighborhood because they're competing for business. (No doubt, neglected AirBnB/VRBO properties wouldn't attract business or the positive reviews they desire to attract more business.)

Besides, the concept of private residences providing small lodging accommodations to travelers is an age old industry. It actually dates back to the earliest days of Colonial America in the US....and further back even more in Europe & Asia (1800's). What's different about today's families opening their homes to visitors now is the existsences of the internet that informs the entire world their home is available as an accomodation. Prior to the internet, it was word-of-mouth, small associations, or a small shingle hung by the front door noticed by a traveler that a private residences could offer them a bed & meal.

My personal experience in the Columbia neighborhood with residences (owner-occupied or not) that have ADU's, DADU's & AirBnB/VRBO's is that they are much more attractive & better cared for properties than any of the long-term rentals. That's certainly the case on E Victor Street where I live. Every long-term rental has that "rental-look"...the lights are on, but clearly no one really cares about the house or 'hood or has the means$$$ to take care of the home. Some have families living in them, the one next to my home actually has 7-10 college kids living there at any given time, coming & going at all hours. These rental homes appear "sad"...and the folks inside have no vested interest in the the asset, putting forth the effort to care for it (money/time), nor are they engaged as neighbors. The yards are unkempt, there's scattered debris on the property, random/multiple cars....always...on the street & on the property. Alternatively, my interaction with the few AirBnB/VRBO visitors I've met is always positive w/polite, educated, conscientious people who are curious about what our area has to offer & are far more engaging.

In conclusion, not only do I support ADU's & DADU's, I encourage the city to re-think its restriction on short-term rentals & allow for AirBnB/VRBO's since these properties are without argument, better cared for and not a determent to neighborhoods or quality of life.
With sincere appreciate all you do for our beautiful City of Bellingham,

Debbie Turk
Columbia Neighborhood
360-303-4220
January 12, 2018

Regarding STR Regulations for City of Bellingham Work Session

Dear Commissioners:

Once a new business model is approved for Residential Neighborhoods, the investors will develop and expand the market far beyond the current use.

In Seattle a new start up is called Loftium and they loan money to homeowners for their down payment if the owner agrees to rent a part of the home on Airbnb and pay Loftium a share of the profits.

“The rise of short-term rentals combined with Seattle’s highly competitive housing market has spawned an entirely new business model in Loftium. The Seattle-based startup helps homebuyers with their down payments on the condition that they rent out a portion of their home on Airbnb and share some of the profits with the company.”


Another company, Rented.com, advertises a rental marketplace allowing property managers and real estate investors to buy and sell future rental rights.

https://www.rented.com/

Assuming the regulations for STR units will have no greater impact to neighborhoods than those units currently listed on Airbnb is short sighted.

Planning for the impacts of projected business expansion into residential neighborhood is also the job of the planning commission. While I don’t support this legislation as currently being considered, it is the job of the commission to consider what the future will look like for Bellingham.

If a company is willing to buy “rental rights” there really is no limits to the expansion of STR units.
I hope each member of the Commission realizes the impacts this legislation will bring. These are your neighborhoods as well.

Thank you again for this opportunity to comment.

Tani Sutley
Dear Bellingham Planning Commissioners, Council Members Bournemann, Barker, Hammill, Murphy, Lillquist, Knutson, and Vargas, Mayor Kelli Linville, Planning Director Rick Sepler and Senior Planner Lisa Pool,

Please accept my comments regarding the proposed Short Term Rental regulations that you are considering.

Bellingham has a recognized problem with the lack of available rental units for its residents. Given this reality, transferring any form of rental units from permanent housing to accommodate a transient population of travelers does not make sense.

The City Council originally proposed adding A/DADUs to single family neighborhoods with a goal of creating more affordable housing. This idea has morphed into adding short term rentals to the mix. As has been seen in other cities (and in Bellingham where AirBnB have sprung up illegally) these short term rentals are not affordable units.

I urge you to reconsider your position on this issue and delete Short Term Rentals from consideration in the A/DADU regulations.

Thank you,

Shannon Parsons
Dear Mayor, Mr. Sepler, Planning Commission, Council:
Here is my voter input on Planning issues DADU's and STR's.

STR's: These are the least deserving use I can imagine of our housing stock. While STR's can improve the home economy of some property owners, at the same time it increases the market pressure on our inadequate housing stock. STR's should be minimum or preferably zero. Absolutely lowest priority for our town.

DADU's: Should be approved neighborhood-by-neighborhood contingent on supermajority approval of the voters within that neighborhood. Why a supermajority and not a simple majority?..because to rezone established single-family residential neighborhoods is to change the rules of the game after homeowners have made the biggest purchase of their life, on the assumption that single-family residential means single-family residential. To come in now and change the rules of the game, after they've made their investment, would be a betrayal of trust. Thus I believe that such rezoning should be done only with the overwhelming approval of the affected homeowners.

Respectfully submitted,
Abe Jacobson
2314 Samish Way
Bellingham, WA 98229 360 303-1059
To the planning committee on short term rentals:

As a resident of Bellingham for the last 36 years I would like to encourage the committee to recommend an ordinance for short-term rentals (owner occupied and unoccupied), which would allow my neighbors to use their properties in ways that are compatible for their zoning. I believe that short-term rentals do have a place in our city. I would like a way that owners can do this in the framework of an ordinance that allows maximum compliance. I feel that when we have rules and regulations that allow for this then everyone will be happier.

One argument against using a house for short-term rentals is that it will take inventory away from long-term renters or owners. I believe this is a problem of affordability that all cities are grappling with and responding to with infill toolkits, ADUs and allowing tiny houses. Some ways to help with affordability include increasing wages, increasing housing supply (higher density), and lowering the cost of homes. I believe that short-term rentals will help with this. When people come into our neighborhoods to stay short-term, they spend money close to where they stay. In my opinion, homeowners spend more money on the upkeep of these homes versus homes occupied by long-term tenants. Short-term rentals employ more people in our community because they generate more revenue for the community. They allow owners to offset the costs of their homes. Rental income might allow a retired owner on a fixed income to stay in her/his home longer.

Another argument against short-term rentals is that they will create traffic congestion, noise problems, and otherwise lower the quality of life for permanent residents. However, my observation is that Bellingham is not a vacation destination on par with places like Hawaii, New Orleans, or Southern California. Instead we have a major university that will attract parents visiting their children or attending graduation. We have a major hospital that might attract visiting surgeons, families undergoing medical treatments, or relatives visiting new babies. We have vibrant neighborhoods with modest single-family homes that simply aren’t large enough for families to accommodate visiting out of town relatives. In each of these cases, short term rentals provide an alternative to hotels outside of the city’s core that encourage visitors to have positive neighborhood impact. Designing an ordinance that allows for both owner occupied and unoccupied short-term rentals would help with having maximum compliance.

I believe unoccupied short-term rentals of more than two bedrooms should be more closely monitored. Additional bedrooms provide opportunities for more than one family to stay at the same time which makes it more like a hotel with no on site manager. This has a potential of causing a “bad apple” effect for all short-term rentals in the city.

Please remember we can’t write laws that force good behavior. However, the short-term rental business is self-regulating for the good behavior. Owners want good reviews, so it is in their best interest to have the property in the best shape. It will almost always be one of the nicer houses on the block. They want to rent to people that will take care of it and obey rules. If they get a bad renter that renter will only be in a few days. The neighbors of the short-term rental will have a venue though the city to remedy any chronic bad tenants in a way that neighbors of long-term rentals do not. The renters want good reviews from the owners so they can continue using short-term rentals.

One of the biggest concerns I have heard and one this committee is struggling with is parking. The owner of a short-term rental will want to provide adequate parking for the tenant or risk a negative review on grounds that parking is insufficient. I think the parking will self-regulate and if it is a problem
the comments of the people that use the rental can be used against the owner when a complaint is filed with the city.

I believe that unoccupied short-term rentals in Bellingham will NOT overtake neighborhoods simply because of the extremely high startup cost of purchasing a home and furnishing it compared with the low per night rental rate.

My wife and I inherited a house in the Cornwall Park neighborhood that we love and intend to keep. In order to afford to maintain the home, we have been listing it with Airbnb. We are concurrently in the middle of the review process for a conditional use Bed and Breakfast permit with the City of Bellingham. Based on our experience in the last three months, here are my observations of the people who are short-term renters in Bellingham: They all have been friendly with no complaints from the adjacent property neighbors when proactively asked about the guest. All short-term guests had all nice things to say, or did not respond, about the neighbors and the neighborhood. All but one guest left the house as clean as they found it. Almost all guests used the compost and recycling. All guests ate out at local (not chain) restaurants at least twice. Almost half ate at a restaurant in walking distance to the house. About half of the guests chose the rental because it was close to family or friends. Guests stayed for an average and median of five days in the three-month period with sample size of twelve and 70% occupancy. Only one guest had two cars (rental has space for two off street parking). One third of the guests stated (unsolicited) that they were planning to return in the future. Three guests requested and extended their stay beyond original departure date while staying in the rental. They have all maintained good communication with us and have obeyed all of the house rules. Because we live only two blocks from the home, and because the home is on the route to our girls’ school, we pass by the house daily and monitor it’s condition constantly.

Thank you for your time.

Chris Hemingson

2805 Russell St

Bellingham, WA 98225

1/17/18

Thank you all for your service to this community. And thanks for allowing me the opportunity to speak at your January 4 meeting on short-term rentals. At that meeting, there were those who spoke openly about their operation of illegal vacation units. Their testimony directly supports the points I was making before the planning commission.

These speakers testified about the success of their seven short-term rental units—units that because of their use as rentals do not become part of our city's general rental housing stock but create short-term quasi-hotels for out-of-towners. One of these speakers admitted to purchasing one of her three units specifically to be rented out on the short-term rental market. The other two units were converted for the short-term rental market. After this speaker, a couple took the podium and spoke about renting out their two houses on nine-month leases so they could create short-term rentals for the summer months. Four speakers. Seven units. Units that could be housing for the general population but instead appear in the market only as illegal short-term rentals.

Allowing people to use houses they own (but do not live in) as short term rentals not only does nothing to alleviate the lack of affordable housing in Bellingham, it contributes to that lack. Each house purchased by speculators who want to profit from the city's negligence in enforcing the zoning restrictions that currently require owner-occupancy for this kind of use results in one less house available for rent or purchase, and it tends to drive up the purchase price for similar houses in similar neighborhoods.

Allowing (and even catering to) speculators in a short-term rental market can only perpetuate the lack of available housing stock. The Planning Commission needs to safeguard our city and our community with strategies to add to the available affordable housing stock—not give it over to self-interested speculators. They do not have the interests of our community at heart—that is my responsibility as a citizen, and it ought to be yours, as well.

Sincerely,

Bobbi Vollendorff
1119 20th Street
Bellingham, WA

[Signature]

[Stamp] RECEIVED JAN 16 2018
CITY OF BELLINGHAM BUILDING SERVICES DIVISION
Commissioners,

My view on the short term rentals question is that they should be greatly limited in order to preserve long term housing stock for long term renters and to reduce the inflationary effect that the much higher rental rate potential of short term rentals have.

If you decided to limit short term rentals to licensed hotels and motels I would not be disappointed. If you choose to allow short term rentals of houses, apartments, or ADU’s, these should be limited to one per owner and in the case of ADU’s the main dwelling unit should be owner occupied.

Thank you for your consideration,

Michael Chiavario
To: Planning and Community Development Department  
From: Don and Joy Keenan  
Re: Determination of Non-Significance (SEP2017-0045)  
Date: January 18, 2018

We disagree with the City of Bellingham’s Determination of Non-Significance and propose that the City at a minimum do a complete environmental review of the proposal in conjunction with its pending proposal for short term rentals (STRs).

1. The City’s SEPA Environmental Checklist states that the growth of ADUs (attached and detached) will be non-significant with the changes proposed. That conclusion does not take into account the potential dramatic increase in Airbnb and other short term rentals that may happen if the City also approves proposed changes in “regulations for short term rentals (STRs), including their applicability to attached and detached ADUs” (Sec. A, #7 of the checklist). The proposed changes in STR regulations need to be analyzed along with this proposal in a single SEPA review, not in separate reviews as the City has chosen to do. The cumulative impact of both sets of changes may well be much more significant than this SEPA checklist concludes.

The instructions for the SEPA checklist state: “The checklist questions apply to all parts of your proposal, even if you plan to do them over a period of time or on different parcels of land” (underlining in original). We think both these proposals by the City constitute one project, both because of the subject matter and the synergistic impact both on growth and its attendant impacts.

2. The potential impacts to single-family neighborhoods from the proposed changes (including those for STRs) amount to an upzone for many thousands of lots. Even if the City states it is technically not a rezone, the impact will be the same to the city’s residents.

3. The checklist has no studies to back up its conclusion that the proposed changes will have no significant impact to neighborhoods on major issues such as traffic, parking, drainage, sunlight and noise.

4. The most critical thing a government needs to function well is the trust of its citizens. Trust is already stretched thin because the City has failed over and over to follow through on commitments such as determining the actual number of illegal ADUs in the neighborhoods and on enforcing other regulations relating to housing. To insure it is acting in the best interests of its citizens, the City should do more than a complete EIS for this proposed project. It should stop the process and go back to the neighborhoods for their considered input on this issue. Otherwise we risk initiating very substantial changes to our neighborhoods that could bring irreversible negative impacts throughout the city.
Commissioners;

Following are some thoughts on items in your current workload:

STR’s:
I attended the Planning commission meeting last Monday during which a workshop on STR’s took place along with public comment.

The most controversial portion of one of the Commissions proposals was to ban DADU’s from being long term rentals citing the need to increase housing stock for long term rentals. Several DADU owners spoke against this proposal citing personal hardship if it occurs and the fact that they have followed the rules to build their units.

I propose the following:
- Grandfather existing DADU’s from being prohibited from being STR’s.
- Exempt DADU’s in multifamily zone’s from the STR prohibition
- Limit STR’s of any type (Whole house, ADU and DADU) to a percentage of the units in any zone (The percentage to be determined by relating it to an annual survey of vacancy rates) in order to preserve the long term rental housing stock in Bellingham.

DADU’s:
I am generally in favor of allowing DADU’s in every neighborhood.

Opponents have cited a belief that there is enough land within the UGA for the housing needs of the next 20 years. That is assuming that all of that land can or will actually be developed for housing due to market factors and other unforeseen reasons.

In order to use all of the existing open space that is zoned residential or residential/commercial we would eliminate too much contiguous green space that is more environmentally beneficial than having every private single family lot have a large backyard. Opponents also contend that urban villages are the place to build more housing. While I support urban villages, the difficulties and slow pace of urban village development makes them only one of many options that we need to consider in increasing the housing stock in Bellingham.

- DADU’s, it seems to me, due to their smaller size can be a more affordable alternative to renting a house or even many apartments of similar size(300 to 800 square feet). Single family neighborhoods are more class and ethnically segregated than multi family neighborhoods with some multi family areas having an inordinate concentration of these groups. This is de facto ghettoization that is not a healthy or just housing pattern.

Thank you for your consideration,
Michael Chiavario