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Heather Staten

Dear Chair DeVol and Planning Commissioners:

Hood River Valley Residents Committee appreciates the opportunity to comment on the proposed changes to Hood River's zoning code to regulate Short Term Rentals. Hood River Valley Residents Committee is one of Oregon's oldest local land use advocacy organizations. For nearly 40 years, our mission has been to protect Hood River's farms, forests, special wild places and the livability of its cities and rural communities through advocacy, education and monitoring land use processes and decisions. Our Executive Director, Heather Staten, served as a member of the Housing Needs Analysis (HNA) Technical Advisory Committee that helped draft the three housing strategies adopted by the City of Hood River—including Strategy #2 Regulating Short Term Rentals.

The HNA lays out multiple purposes for regulating STRs: 1) ensure that residential land is used efficiently for the creation of houses for full-time residents 2) mitigate the impact of STRs on housing affordability and 3) maintain the vital character of residential neighborhoods.

### **1) Efficient Use of Residentially Zoned Land for Housing for Full-time Residents**

The results of the HNA show that Hood River has barely enough land to accommodate expected growth for the next 20 years within the urban growth boundary (UGB). The HNA also describes the unique constraints that Hood River faces in a future UGB expansion bounded as it is by river, National Scenic Area and high value farmland. The Housing Strategy document warns "if development of secondary housing or short-term rentals grows substantially, the City will exhaust its supply of buildable residential land."<sup>1</sup> In showing that the City had sufficient land to accommodate its future housing needs, the HNA made a core assumption: none of the houses built in the next twenty years will be lost from housing full-time residents by conversion to STRs or other seasonal use. This core assumption should be used as a rubric to assess proposed STR regulations.

We are concerned that the draft proposal—using a "Cap and Density model"—would continue to allow conversion of permanent housing to STRs. Caps are often adopted as a compromise measure and subject to frequent change with the political winds. But the HNA is the City's housing map for a much longer time period. In order for the City to address the 20-year assumptions of the HNA, it should adopt regulations that truly have the long-term effect of restricting conversion of residentially zoned property into commercial tourist accommodations. We support the model adopted by Portland, Ashland, Santa Monica and many other cities across the country. The "Portland model" would allow hosted home shares and whole house rentals in residential zones in homes occupied by a full-time Hood River resident but eliminate investor-owned STRs.

Another advantage of the Portland model is its simplicity to license and enforce. In contrast, the “Cap and Density” model requires significant staff time to maintain the list of licensed rentals, the waiting list of owners hoping to get a license, interpret spacing distances etc.

## **2) Impact of STRs on Housing Affordability**

Hood River has seen the percentage of homes used for seasonal or vacation use triple in the last 15 years (from 4% in 2000 to 7.7% in 2010 to 12% today). While a comprehensive analysis has not been done on the effect of STRs on housing costs in Hood River, we believe the basic economic laws of supply and demand apply in the housing market here too. STRs eliminate houses from use by full-time residents, decreasing supply. STRs are attractive investment properties, increasing demand and the number of potential buyers. There have been studies in cities across the country that document a strong correlation between the growth of STRs and increased housing costs<sup>1</sup>:

“When property owners elect to rent their homes on a short-term basis rather than renting on a longer-term basis (e.g., by the season or by the year), —they essentially squeeze the supply of housing, pushing up the demand, and subsequently, the cost of housing in the community. In some cases, allowing short-term rentals may fuel speculation in rising housing markets by allowing investors to cover the carrying costs of a house for a period of time while the property appreciates in value and then sell it for a profit. Tourist communities, in particular, may be affected if the workers in low- paying service and tourism related jobs can no longer afford to live in the community or within a reasonable commuting distance.”<sup>2</sup>

Hood River’s housing market has felt every one of these effects from the recent explosion in STRs. In contrast, the Portland Plan enhances housing affordability. It helps a full-time homeowner stay in their home because it allows them to earn some extra income by offering a hosted homeshare and it increases supply/decreases demand by eliminating the ability of non-resident investors to run STR businesses in residential zones.

## **3) Maintain the Vital Character of Residential Neighborhoods.**

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<sup>1</sup> *The Impact of Vacation Rentals on Affordable and Workforce Housing in Sonoma County*

Prepared for: The Sonoma County Community Development Commission, by Economic & Planning Systems, Inc., July 7, 2015

Pearson, Robert G., *Short Term Rentals and their Impact on the Availability of Affordable Rental Housing in the City of Santa Barbara*, Memorandum addressed to Housing Authority Board of Commissioners, April 26, 2015.

Robinson & Cole, LLP, *Short-Term Rental Housing Restrictions White Paper*, 2011.

Rosen, Kenneth T., Randall Sakamoto, and David Bank, *Short-Term Rentals and Impact on the Apartment Market*, October 2013.

Samaan, Roy, LAANE. *AirBnB, Rising Rent, and the Housing Crisis in Los Angeles*. March 2015. San Francisco Budget and Legislative Analyst’s Office, *Analysis of the Impact of short-term rentals on housing*, Memorandum addressed to Supervisor Campos, May 13, 2015

<sup>2</sup> Robinson & Cole, LLP, *Short-Term Rental Housing Restrictions White Paper*, 2011

The City recently added a quality of life policy to Goal 10 of its Comprehensive Plan “Encourage the development of great neighborhoods by supporting neighborhood identity.” Across the country, especially with the explosion of Air BnB and similar online services, cities have begun to regulate short-term rentals to protect the character of existing residential neighborhoods. Often these communities are responding to complaints from permanent residents about the disturbances caused by short-term renters, including excessive noise, late night parties, trespassing, increased traffic, and other disruptive activities. The rationale is that vacationers and guests who do not have ties to the local community are more concerned with maximizing their fun than they are with being a good neighbor.

The expectation of people moving to the R-1, R-2 and R-3 zones is that they are moving into a residential neighborhood as defined by the City of Hood River’s zoning code (“RESIDENTIAL OR RESIDENTIAL USE means the occupancy of living accommodations on a *non-transient basis*.”) We have heard parents of small children complain that they never would have bought their home if they knew they a STR would be started next door; the constant stream of new people made them feel uncomfortable letting their kids play outside. Some cities are starting to require that realtors disclose if a vacation rental is near a property they are offering for sale so that potential buyers can make an informed decision before purchase.

The Portland Plan addresses this too because the operator of the vacation rental is also the full-time resident of the property. They are invested in the neighborhood and they are known by their neighbors. Bed and Breakfasts are allowed in some residential zones (R-2 and R-3 with a conditional use permit) but one of the requirements is that the B and B operator live onsite. Adopting the same standard for vacation rentals in the residential zones seems very reasonable. No-host/whole home STRs are commercial uses similar to hotels or motels. As commercial uses, they should be located in commercial zones. By continuing to allow no-host STRs in commercial zones, visitors would still have their choice of the full range of lodging options. In fact, about 1/3 of existing STRs are already located in commercial zones (for instance along Columbia, Cascade, Oak, State, and Sherman below 8<sup>th</sup>).

The STR explosion has happened in a very short time frame and the City of Hood River is only just beginning to consider regulation. Some recent purchasers in Hood River would have bought their house with the assumption that it would be funded, at least partially, through income as a STR. Because of that, we would support a grandfathering period of 5-7 years.

Thank you for the opportunity to comment on this issue.

Best regards,

Heather Staten  
Executive Director