



# City of Stevenson Planning Department

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(509)427-5970

7121 E Loop Road, PO Box 371  
Stevenson, Washington 98648

**TO:** City Council  
**FROM:** Ben Shumaker  
**DATE:** February 18<sup>th</sup>, 2016  
**SUBJECT:** Vacation Rental License Fee Schedule

## Introduction

This memo presents the City Council with an opportunity to deal with the Vacation Rental License issues at a more hands-on level. The memo presents a comparison of the fees charged by comparable communities, a set of potential policy related fee options and a matrix showing draft fees if any specific policy is chosen.

## Comparisons

Seven communities were used for comparison purposes when the Planning Commission developed their recommended Vacation Rental program. The comparison included beach towns (Cannon Beach, Lincoln City, Manzanita), mountain towns (Bend, Leavenworth), and the two nearest Gorge towns (North Bonneville, White Salmon). Three of those communities, including both of the Gorge town, do not have a vacation rental program, and are not included in this fee analysis.

<b>Community</b>	<b>Fee</b>	<b>Frequency</b>
Bend (Five year total)	\$2975	
Land Use	\$1900	One time
License	\$275	One time
License Renewal	\$200	Annual
Cannon Beach (Five year total)	\$900	
Inspection	\$100	Every five years
License	\$250	One time
License Renewal	\$150	Annual
Lincoln City (Five year total)	\$1350	
Land Use	\$350	One time
License	\$200	Annual
Manzanita (Five year total)	\$275 (\$325 later this year)	
License	\$275 (\$325 later this year)	Every five years

## Policy-Related Fee Strategies

The Planning Commission envisioned a fee structure that would allow the City Council to further its own goals related to the Vacation Rental Program. For instance, the Commission chose not to limit the total number of vacation rental homes owned by any one property owner but speculated that the Council could do so by including higher fees for each successive license obtained. The policy options listed below provide an incomplete set of directions the City Council could take on this issue.

Facilitative (Business License Approach)

This approach would mirror the City’s Business License strategies by charging either a separate or combined \$10 fee for licenses.

Cost Recovery (Development Permitting Approach)

This approach would mirror typical development permitting fees which seek to recover actual costs for review of applications. The range presented begins at \$150 (3 hours staff time at \$50/hour) and increases to \$350 reflect the experience of comparable communities.

High Turnover (Reduce Speculation Approach)

This approach would allow the Council to encourage turnover in the vacation rental market by increasing fees the longer a property is used as a vacation rental home. The recommended range for this approach begins like a cost recovery proposal and doubles after certain intervals.

Limited Ownership (Reduce Proliferation Approach)

This approach would discourage property owners from owning more than one vacation rental home by increasing fees for each home. The recommended range for this approach begins like a cost recovery proposal and doubles as additional licenses are obtained.

<b>Category</b>	<b>Facilitative</b>	<b>Cost Recovery</b>	<b>High Turnover</b>	<b>Limited Ownership</b>
<b>New License</b>	\$10	\$200*	\$200	\$200
<b>Renewal (Year 2-5)</b>	\$10	\$200	\$400	\$200
<b>Renewal (Year 6-10)</b>	\$10	\$200	\$800	\$200
<b>Renewal (Year 11+)</b>	\$10	\$200	\$1600	\$200
<b>Second License</b>	\$10	\$200	\$200	\$400
<b>Third –Fifth Licenses</b>	\$10	\$200	\$200	\$800
<b>Sixth+ Licenses</b>	\$10	\$200	\$200	\$1600
<b>Five Year Total</b>	\$50	\$1000	\$1800	\$1000 (One) \$3000 (Two) \$7000 (Three) \$11000 (Four)

\*\$200 is used for demonstration purposes and was selected to be on the lower end of the \$150-\$350 range.

**Action Requested**

Select a fee strategy and rates and “...move to approve Resolution 2016-, establishing fees related to the licensing of Vacation Rental Homes.”

Prepared by,

Ben Shumaker  
Planning Director

Attachment

- Draft Resolution 2016-285

**CITY OF STEVENSON**

**RESOLUTION NO. 2016-285**

**ESTABLISHING FEES RELATED TO THE LICENSING OF VACATION RENTAL HOMES.**

WHEREAS, the adoption of Ordinance 2016-1091 creates a vacation rental program which involves the review of application materials and issuance of a Vacation Rental License; and

WHEREAS, Ordinance 2016-1091 authorizes the city establish and periodically adjust nonrefundable application fees for the review and issuance of Vacation Rental Licenses; and

WHEREAS, the policies of the Vacation Rental Program are intended to benefit the local economy, reduce administrative burdens and barriers to entry, ensure market fairness and taxation, protect guests, and avoid unchecked neighborhood disruptions; and

WHEREAS, the policies of the Vacation Rental Program are intentionally silent on vacation rental homes' impacts on housing affordability, specifically on the intents to reduce housing speculation and to reduce vacation rental proliferation; and

WHEREAS, concerns related to housing affordability, including **reducing housing speculation/reducing vacation rental proliferation**, are better dealt with as part of the Vacation Rental License Fee Schedule; and

NOW THEREFORE BE IT RESOLVED by the Council of the City of Stevenson that fees in the following, nonrefundable amount shall be paid to the City by persons applying for vacation rental licenses:

<b>Vacation Rental Application Fees</b>				
New License (Yr 1)	\$10	\$200	\$200	\$200
License Renewal (Yrs 2-5)	\$10	\$200	200% of Yr 1	
License Renewal (Yrs 6-10)	\$10	\$200	200% of Yr 5	
License Renewal (Yrs 11+)	\$10	\$200	200% of Yr 10	
Owner's 2 <sup>nd</sup> License	\$10	\$200	200% of 1 <sup>st</sup> License	
Owner's 3 <sup>rd</sup> -5 <sup>th</sup> Licenses	\$10	\$200	200% of 2 <sup>nd</sup> License	
Owner's 6 <sup>th</sup> + Licenses	\$10	\$200	200% of 5 <sup>th</sup> License	
Prorated Licenses	For applications received after June 30 <sup>th</sup> , the application fees may be reduced to 50% of the fee listed above. The proration applies to the first license only and shall not be considered in subsequent license multipliers.			
Labor, Overhead, and	At the discretion of the City Administrator, the actual			

Outside Consultant Review	costs for labor, overhead, and expenses for outside consultant reviews and/or special inspections may be added to the above application fee.
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BE IT FURTHER RESOLVED, that, when calculating the application fee for license renewals, the vacation rental home shall be deemed to have existed in the previous year, if at any time in the preceding calendar year, the dwelling unit, was used as a vacation rental home, regardless of any temporary lapse in licensing or a change in ownership.

BE IT FURTHER RESOLVED, that, when calculating the application fee for owners' successive licenses, "owner" shall be broadly construed to mean any natural person or legal entity that owns and holds legal and/or equitable title to the property. If the owner is a trust, any person who is a trustor or trustee shall be considered an owner. If the owner is a business entity such as a partnership, corporation, limited liability company, limited partnership, limited liability partnership or similar entity, any person who owns an interest in that business entity shall be considered an owner.

BE IT FURTHER RESOLVED, that this resolution shall be effective concurrent with the effective date of Ordinance 2016-1091.

PASSED in regular session this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

\_\_\_\_\_  
Mayor of the City of Stevenson

ATTEST:

\_\_\_\_\_  
Clerk of the City of Stevenson

APPROVED AS TO FORM:

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Attorney for the City of Stevenson