

MINUTES OF A CONTINUED MEETING OF THE
COEUR D'ALENE CITY COUNCIL
HELD IN THE LIBRARY COMMUNITY ROOM
ON MARCH 31, 2017 AT 12:00 NOON

The City Council of the City of Coeur d'Alene met in continued session with the Planning Commission in the Library Community Room held at 12:00 NOON on March 31, 2017, there being present upon roll call a quorum.

Steve Widmyer, Mayor

Woody McEvers) Members of Council Present
Dan Gookin)
Dan English)
Kiki Miller)
Amy Evans)
Loren Ron Edinger)

Brad Jordon) Members of the Planning Commission Present
Lynn Fleming)
Michael Ward)
Peter Luttrupp)
Jon Ingalls)
Tom Messina) arrived at 12:08 p.m.

Lewis Rumpler) Member of Planning Commission absent

STAFF PRESENT: Jim Hammond, City Administrator; Mike Gridley, City Attorney; Randy Adams, Deputy City Attorney; Renata McLeod, City Clerk; Hilary Anderson, Community Planning Director; Sean Holm, Planner; Craig Etherton, Fire Inspector; Glen Lauper, Deputy Fire Chief.

CALL TO ORDER: Mayor Widmyer called the meeting to order.

SHORT TERM RENTALS

STAFF REPORT: Community Planning Director Hilary Anderson explained that the desired goal of the workshop would be to provide staff direction on whether or not the proposed ordinance is ready to be brought forward to Council. Additionally, she is requesting input regarding accessory dwelling unit (ADU) language and for direction in resolving loopholes that exist. City Planner Sean Holm explained that the current city code does not allow for vacation rentals within a residential zone; however, it has not been strictly enforced. He noted that the draft proposal includes a requirement for a permit for all vacation rentals and standards to include the following: that a responsible party be available 24/7 while occupied; that the permit number & parking stalls be listed on all advertisements; that the definition of "family" will determine occupancy; a 2-day minimum stay is required; no exterior signage will be allowed;

and a 2-week/2 time stay will be exempt from the code. He reviewed the public engagement efforts that included public meetings, a community survey, and direct input on a draft ordinance. He noted that there was recent legislative action pursuant to House Bill 216 that requires cities to classify a vacation rental as a residential use. The House Bill includes the following; cities cannot regulate the operation of a short-term rental marketplace, vacation rentals cannot be excluded entirely from a city, vacation rentals must register with the state and pay taxes, cities may implement regulations to safeguard the public health, safety and general welfare in order to protect the integrity of residential neighborhoods.

DISCUSSION: Mayor Widmyer asked if the House Bill contradicts anything in the proposed code. Mr. Holm clarified that there are no conflicts with the code proposed today. Councilmember McEvers asked for clarification regarding the 14-day stay and parking requirements. Mr. Holm explained that if one rents for less than 14 days for no more than two different times per year they would not have to have a permit. The code does not require additional parking stalls, as there were concerns about unintended consequences such as the use of front yards being used as parking stalls. On-street parking is always first come, first serve, and would remain so. Councilmember Gookin questioned what the code was intended to regulate. Deputy City Attorney Randy Adams explained that the use should comply with the same occupancy regulations as other residential uses. Councilmember Gookin felt that the City would not be able to regulate occupancy through the definition of a family. Mr. Holm explained that the code is trying to protect the integrity of the neighborhood and that all residential zones currently operate under the definition of a family for occupancy. He clarified that the City is intending to avoid tents and RV's over stacking a house, and to minimize complaints from neighbors. Discussion ensued regarding housing occupancy and ways to limit occupancy other than the definition of family. Commissioner Jordon explained the Planning Commission had a lot of discussion over how to determine occupancy and without a track record of complaints it was hard to determine what to resolve, so they recommended a basic ordinance without a lot of burden to the property owner. The consensus was to continue with the use of the family definition and see what neighbor input occurs over the first year of implementation. Mr. Adams noted that House Bill 216 still provides that the property be subject to all zoning requirements applicable to that zone, so it should be treated the same within the same zone, which includes the definition of family setting the occupancy. Commissioner Ingalls reiterated that the goal of the code was to legitimize a use that is occurring, with the additional benefit of collecting an inventory and contacts. Councilmember Gookin felt that this is a commercial operation in a residential neighborhood. Mr. Holm clarified that state code requires that vacation rental be classified as a residential use. Councilmember Miller noted that if the City determines in the future to change the method of calculating occupancy within the zone, it can do so. Commissioner Messina concurred that this code provides a method to bring them into compliance, as they are currently operating illegally, and provides protection to the neighborhoods. Mayor Widmyer concurred that the code does provide a method of legitimizing the use, and asked how many complaints the City has received. Ms. Anderson clarified that complaints are received within various departments and may not have been noted as a vacation rental versus a general rental. She noted that they are trying to get a mechanism underway so that the vacation rental locations can be identified, and that they estimate 400 vacation rentals currently operating within the city. Councilmember Gookin asked if one night stays were allowable. Commissioner Fleming clarified that the Planning Commission felt that they should

not be allowed as that constitutes a hotel, and is too much of an impact to a neighborhood. Mr. Adams noted that the state legislation does define 1-day stays as a short term (or vacation) rental; however, a City could probably disallow one night stays.

STAFF REPORT CONTINUED: Mr. Holm reviewed the definition of an accessory dwelling unit (ADU) and noted that its original intent was to provide affordable housing opportunities or units to moderate income families that cannot find other housing. It was also noted that the intent was to provide an opportunity to the homeowner to receive rental income. He clarified that ADUs were not intended to be used as vacation rentals, as the intent was for rentals at 30 days or more. He noted that a notice to title is required for an ADU. Mr. Holm clarified that the underlying zoning requirement of family occupancy still applies. He reviewed the housing needs assessment and the need to support, preserve, and encourage affordable housing, as well as the 2030 vision goals of providing a mix of housing types. The development of an ADU does not require payment of impact fees. He reviewed the rental potential of ADU's within one city block. Mr. Holm asked the Council to provide feedback regarding loss of affordable housing and protection of residential neighborhood by allowing ADU's as vacation rentals. He noted that this should not be a barrier to approving the proposed vacation rental ordinance as it can be addressed later as needed.

DISCUSSION: Councilmember McEvers felt that the original code was intended to allow mother-in-law quarters and does not agree that these are the affordable units. He believes that if the owner is still part of the occupancy it would be acceptable to be a RV. Mr. Holm clarified that ADU's do create more people coming and going than what was originally intended for the neighborhood when they were created. Ms. Anderson noted that one of the challenges is that no additional parking is required and that two dwelling units on one lot were intended for long term rentals. She noted that they could disallow future development of an ADU as a short term rental and require new ones meet codes for parking and pay impact fees. Councilmember English noted that some people are purchasing homes with ADU's for the sole purpose of making them vacation rentals and wondered how this would be different than a duplex. Ms. Anderson explained that a duplex pays full fees and is required to have off street parking. Mr. Holm reiterated that the ADU code requires one unit to be owner occupied and asked if the Council felt that if the ADU is going to be occupied less than 30 days, should it continue to require that one unit be occupied by the owner. Councilmember Miller felt that one of the primary issues she has heard expressed by citizens is renting the ADU has afforded them the ability to remaining living in their home. Additionally, the homeowners have done more work to maintain their properties and that their neighbors were happy with the upkeep and improvements. She felt that that the requirement to have one unit owner occupied could be positive. Mr. Holm noted that Portland, Oregon was the only city he found that allowed ADU's as vacation rentals. Mayor Widmyer expressed concern that we have allowed ADU's to be used as vacation rentals without notifying the owners it is an illegal use, and not allowing them from this point forward seems to be unfair. He noted that he would be in favor of an option of allowing existing ADU's to be vacation rentals and excluding future units unless they pay their impact fees when used as a vacation rental. Councilmember English concurred that they should not put existing owners in jeopardy, and that going forward they should pay an impact fee and would like them to continue the requirement that one unit be owner occupied. Discussion ensued regarding the payment of impact fees.

Commissioner Ingalls reiterated that this code would legitimize the vacation rental use, provide fairness, and felt that ADU's are less of a concern than a full vacation rental as one unit is owner occupied. Councilmember McEvers agreed that ADU's should be grandfathered and going forward pay fees for the vacation rental use, and this code should move the use forward in a positive way. Councilmember Gookin noted that he does not favor a light touch Ordinance and felt the Council should deal with what is going to happen in 10-years, wherein every home could be a vacation rental and destroy neighborhoods. He proposed a classification of vacation rentals with different use levels, with different levels of enforcement. Additionally, he felt that there should be a set maximum number of allowable vacation rentals within the city. Additionally, he believes this use creates a commercial district within a residential zone. Mayor Widmyer felt that that would be getting into a depth beyond what the majority opinion around the table wants. He noted that vacation rentals do affect the rental market, and are market driven. He noted that he was in favor of a light touch Ordinance, and acknowledged that it may need to be amended later.

STAFF REPORT CONT. - Mr. Holm noted the potential loopholes that surfaced after putting the vacation rental Ordinance together. He provided the example of someone buying an existing apartment and/or condo buildings and turning it into vacation rentals, which would be destructive to affordable housing. He proposed the code state that only one vacation rental per parcel be allowed. Additionally, there is a conflict between the definition of homestay and bed and breakfast, and suggested that they remove homestay and replace it with B and B language. Ms. Anderson noted that this would be the same in the residential zone.

DISCUSSION: Mayor Widmyer concurred with the suggested changes. Commission Jordon also concurred. Councilmember McEvers asked if there were any proposed restrictions as to how many can be contained within a block. Ms. Anderson clarified that there is no current restriction and would be something they would monitor over the next year. Councilmember Gookin felt they should clarify what is to be owner occupied. Councilmember Miller noted that a property owner could have one long-term rental in one unit and one vacation rental in the other so they should not require it to be owner occupied. Mayor Widmyer summarized that the Ordinance would go back to staff make some changes, then to the City Council. The Planning Commission requested the discussion regarding ADU's return to the Commission for final recommendations to the City Council. The Mayor thanked the Planning Commission and staff for their research.

ADJOURN: Motion by Edinger, seconded by English that there being no further business, this meeting is adjourned. Motion carried.

The meeting adjourned at 1:46 p.m.

ATTEST:

Steve Widmyer, Mayor

Renata McLeod, CMC
City Clerk