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"Protecting the Place You Love"

April 16, 2018

Hood River County Board of Commissioners
601 State Street
Hood River, OR 97031
By HAND and via email plan.dept@co.hood-river.or.us

RE: Proposed changes to zoning code for Short Term Rentals

Dear Chair Rivers and Commissioners:

Hood River Valley Residents Committee is one of Oregon's oldest land use advocacy organizations. Since 1977, we have had a mission to protect Hood River County's farms, forests, special natural places, watersheds and the livability of our urban and rural communities through advocacy and education on land use issues. Last year we had over 700 individual donors, 95% from Hood River County.

The Board of Commissioners adopted code regulating Short Term Rentals (STRs) in December 2016 in order to "get a handle on STRs before they get out of control." We are grateful that the County opted to proactively address Short Term Rentals and for the opportunity to comment on the proposed legislative changes.

There has been a year to live with the current regulations and see how they are *and* are not working. It's a good time to reassess the impact of STRs in Hood River County and to make some values-based decisions on the role STRs should play in our community.

1. What has changed since the STR rules were adopted:

- **There is evidence that Hood River is shifting to be a resort community and it is happening very fast.** The County commissioned a study in 2015 that showed about 71 STRs in the unincorporated parts of the County. Today, based on research from the county's records and online sites like AirBnB, there are over 140 STRs in the unincorporated parts of the County (*see attached spreadsheet of current STRs*). This is in line with a University of Oregon study that found AirBnB listings for our region increased a whopping 211% between 2014 and 2016.¹
- US Census data confirms that Hood River County's housing mix is rapidly changing. According to 2011-16 American Community Survey data about 8.8% of homes in Hood River County are not used for full-time residents but are for "seasonal, recreational or

¹ *Assessing and Responding to Short Term Rentals in Oregon*, Sadie DiNatale, University of Oregon Department of

occasional use.” This is double the percentage from 2007-11 when just 4.4% of Hood River homes were for seasonal use. The state average is 4%.

- **Hood River has become one of the least affordable rural communities in the nation.** We are literally in the 99th percentile according to the Oregon Office for Economic Analysis. Today’s median listed home price in Hood River is \$533,000², a price which only the top 10% of Hood River residents can afford and about \$100,000 more than Portland or Bend.
- **Short Term Rentals make a bad situation worse.** Multiple recent studies in communities across the country show a strong correlation between the growth of STRs and increased housing costs.³ STRs eliminate houses from use by full-time residents, decreasing supply. STRs are attractive investment properties, increasing demand and the number of potential buyers. In a rising market like Hood River, short-term rentals fuel speculation 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.
- **Converting an increased percentage of our limited housing stock to STRs hurts the economy.** Talk to any business that’s hiring and they will tell you they have trouble attracting applicants because their workers can’t find housing they can afford. While STRs do bring some tourist dollars into the economy, you should also consider the opportunity costs. When a dwelling switches from long-term to transient use, we lose the year-round spending of a household which is estimated to be net loss to the economy of more that \$22,000 per home that gets converted to an STR.⁴

2. What we learned in 12 months of implementing STR regulations:

- It’s really important to write clear, unambiguous regulations with precisely defined terms to give certainty and clarity to Planning staff, applicants and the public. My organization prevailed at LUBA on two STR appeals because the county interpretations were not consistent with the text of the regulations. On farm and forest land, the county’s regulations must also be consistent with statute and rule. The proposed regulations are not.
- The Residency Requirement works. The City of Hood River requires that STRs be part of a permanent residence. Already, there is evidence that former STRs have returned to the long-

² Source: Zillow, January 24, 2018 <https://www.zillow.com/hood-river-or/home-values/>

³ *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

Barron, Kyle, Edward Kung and Davide Prosperio, *The Sharing Economy and Housing Affordability: Evidence From AirBnB*, October 5, 2017

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

⁴ Economic Analysis by Arthur Babitz, April 19, 2016

term rental market or been put on the market. And there is evidence that by making this change, Hood River has slowed the increase in home prices. Additionally, the City of Hood River's STR program is 100% self funded by permit fees and fines, it does not utilize general fund revenue. (See attached reports from the City of Hood River).

3. Our Values and Consistency with the Hood River Comprehensive Plan

By enacting regulations we express our values—the things we think are important to protect or encourage or limit or prohibit to make a better community. In land use we also refer to Hood River's Comprehensive Plan that is an explicit expression of those values. We encourage the Commission to make regulations that are consistent with our values when amending the STR code:

- For most of the last decade, affordable housing has been a top priority of the Board of Commissioners at their annual goal setting. Zoning code changes should support the Commission's priority for housing.
- Our resource zones are intended to be retained for agriculture and forestry, not tourism.
- Goal 3: Protecting farmland for commercial agriculture is given highest priority in our Comp Plan: Goal 3 Agricultural Lands Strategy #13 *"Non-farm uses permitted by the State statutes and rules shall be minimized to allow for maximum agricultural productivity"*, Strategy #18 *The EFU Zone has been protected with even greater restrictions on non-farm uses that required by the State, to assure protection of agricultural lands which play such an important role in the County's economy."*
- Similarly in our Forest zones the goal is *"To conserve forest lands so as to provide for economic and efficient forest management while minimizing conflicting uses, consistent with sound management of soil, air, water and fish and wildlife habitat, and to provide for recreation and agriculture."* There is no mention of the Forest Zone being important for tourist accommodation.
- Goal 9 Economic Development: Tourism is given a subordinate role to agriculture and forestry in our county's economy. Goal 9 #1 *"To maintain and provide for a stable and healthy agricultural and forest product based economy. Tourist, commercial, or light or medium industrial growth shall only be encouraged to the extent that it does not significantly alter the rural character, or the existing agriculture and forestry base of the economy in those areas designated as resource land."*
- Goal 10 Housing requires the County to *"Provide for the housing needs of present and future residents."* There is no mention of encouraging the conversion of housing to tourist accommodations.

4. Recommendations for amending the STR code:

- Fixing the STR code is simple. STRs make sense and will work well in the Home Occupation section if you add a requirement that the STR applicant show proof of primary residency. This simple, common sense criterion is used by Hood River, Portland, Ashland and scores of communities across the country. The Planning Commission recommendation for proof of

residency will work but we recommend that you require at least two forms of proof instead of one.

- With a real residency requirement, a fulltime resident can rent out a bedroom on AirBnB or even their whole house for a couple of weeks a year, but the main use of the house is as their own primary home. This eliminates STRs for out-of-town investors while allowing real residents to earn a little extra income that helps them stay in their homes or weather economic hard times.

These code amendments offer an opportunity for you to revisit the county's overarching priorities and how STRs play into them. Hood River's values and Comp Plan support that the County should put homes for local working families ahead of real estate investments for out-of-towners and adopt commonsense requirements that STRs must be run by a resident in their primary home.

Thank you for the opportunity to comment on these important changes.

Best regards,



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Attachments:

1. Spreadsheet of current STRs
2. Economic Analysis of STRs in the City of Hood River, Arthur Babitz, April 19, 2016
3. City of Hood River Enforcement Statistics and STR Questions prepared by Will Norris, Finance Director, City of Hood River at bequest of Mayor Blackburn
4. Letters to the Editor on STRs, Hood River News