



Planning and Economic Development Committee Agenda

January 27, 2022

4:00 P.M.

Virtual Meeting

Due to the current COVID-19 public health emergency, and social distancing protocols, pursuant to the Governor's and public health officials' orders, this meeting will be conducted virtually. The meeting will be live streamed on SeaTV Government Access Comcast Channel 21 and the City's website <https://www.seatacwa.gov/seatvlive> and click play. The public may also call in to the conference line to listen to the meeting. The number is 206.973.4555. While you will be able to hear the meeting; you will not be able to participate in the meeting. Please note that if you are unable to mute your phone, everyone else on the call-in line will be able to hear you, so please refrain from speaking. City Hall is closed, so no one will be able to physically attend this meeting.

Councilmembers

Mohammed Egal, Chair

Peter Kwon

Mayor Jake Simpson

A quorum of the Council may be present.

Staff Coordinator: Evan Maxim, CED Director

ITEM	TOPIC	PROCESS	WHO	TIME
1	Call to Order		Chair	4:00
2	PUBLIC COMMENTS (any topic): In an effort to adhere to the social distancing protocols, and in order to keep our residents, Council, and staff healthy, the Committee will not hear any in-person public comments. The committee is providing remote oral and written public comment opportunities. All comments shall be respectful in tone and content. Signing-up for remote comments or providing written comments must be done by <u>2:00PM</u> the day of the meeting.		Chair	4:00 (2 min)

	<p>Any requests to speak or provide written public comments, which are not submitted following the instructions provided or by the deadline will not be included as part of the record.</p> <ul style="list-style-type: none"> • Instructions for providing remote oral public comments are located at the following link: Council Committee and Citizen Advisory Committee Virtual Meetings • Submit email/text public comments to pedpubliccomment@seatacwa.gov. The comment will be mentioned by name and subject and then placed in the committee handout packet posted to the website. 			
3	Minutes of 10/28/2021 regular meeting	Review and approve	Committee	4:02 (2 min)
4	Short Term Rentals: Code Amendment	Review and recommendation	Jenn Kester / Neil Tabor	4:04 (25 min)
5	Economic Development Overview	Informational Briefing	Aleksandr Yeremeyev	4:29 (20 min)
6	Adjourn		Chair	4:49



Planning & Economic Development Committee Minutes

Thursday October 28, 2021

4:00 PM – 5:30 PM

* Virtual Meeting *

Members: Present: Commence: 4:00 PM
 Adjourn: 5:19 PM

Stanley Tombs, Chair X
 Deputy Mayor Peter Kwon X
 Mayor Erin Sitterley X

Other Councilmembers: CM Pam Fernald

Staff & Presenters: Evan Maxim *CED Director*; Jenn Kester, *Planning Manager*; Kate Kaehny, *Senior Planner*; David Tomporowski, *Senior Planner*; Aleksandr Yeremeyev, *Economic Development Manager*; Tanja Carter, *Economic Development Strategist*; Anita Woodmass, *Senior Management Analyst*; Mark Willard, *Economic Development Intern*; Barb Mailo, *Admin 3*; Liban Ahmed, *Information Systems Analyst*; SeaTV

1. Call to Order	Chair Tombs called the meeting to order at 4:00 PM and roll call.
2. Public Comments	None
3. Minutes of 09/23/2021 regular meeting	Unanimous approval of meeting minutes as drafted.
3. 2021 Comprehensive Plan Amendments	<p>Review and Recommendation</p> <p>Presented by Senior Planner Kate Kaehny. The purpose of the presentation was to provide an overview of the final docket proposals from the 2021 comprehensive plan amendment process, to review public comment from the public hearing, and to request that the PED committee provide a recommendation on the proposals.</p> <p>Mayor Sitterley motioned to forward the 2021 Comprehensive Plan Amendments to Council with recommendation to adopt. Deputy Mayor Kwon second. Unanimous approval.</p>

<p>4. Business Synergy Outreach: Project Update</p>	<p>Informational Briefing</p> <p>Introduction by Economic Development Strategist Tanja Carter and presented by Economic Development Economic Development Intern Mark Willard.</p> <p>The purpose of the presentation was to provide an update on the results of the fourth annual Business Synergy outreach program. The briefing was informational and no committee action was requested.</p> <p>No Action Requested. Informational only.</p> <p>Discussions commenced with Deputy Mayor Kwon, Chair Tombs, Mark Willard, Tanja Carter, Economic Development Manager Aleksandr Yermeyev, and CM Pam Fernald.</p>
<p>5. Tourism / Travel Destination Development Plan</p>	<p>Informational Briefing</p> <p>Presented by Tanja Carter.</p> <p>Discussion commenced with Deputy Mayor Kwon, Tanja Carter, and Aleksandr Yermeyev.</p>
<p>6. Adjourn</p>	<p>Chair Tombs adjourned the meeting at 5:19 pm</p>



MEMORANDUM COMMUNITY & ECONOMIC DEVELOPMENT

Date: January 27, 2022
To: Planning & Economic Development Committee (PED)
From: Neil Tabor, Associate Planner
Subject: Code Amendments: Short-Term Rentals

Purpose

The Planning & Economic Development Committee (PED) review of draft code on regulations for short-term rentals, along with the Planning Commission's recommendation from November 16, 2021. Staff is seeking the PED's recommendation to the City Council on this set of code amendments.

Background

Starting in December of 2019, the topic of exploring code amendments to short-term rental regulations was added to the Planning Commission's work program for future consideration, partially in response to updates in state-wide short-term rental regulations (RCW 64.37). This topic was referred from PED to Planning Commission for their review and recommendation on January 28, 2021.

Planning Commission Review

The topic was discussed with the Planning Commission on five occasions, including a public hearing held on November 16, 2021. No public testimony was received on this topic.

Over the course of their review, the Planning Commission considered code amendments that would:

1. Establish new definitions and alter existing definitions to be consistent with RCW 64.37.010;
2. Establish occupancy, operation, and general standards for short-term rentals; and,
3. Modify existing code sections for consistency.

Planning Commission Recommendation

At their November 16, 2021 meeting, the Planning Commission recommended approval of the proposed code and forwarded the topic to the PED Committee. The Planning Commission also recommended the draft code be amended to change the number of non-owner occupied dwelling units that can be used as short-term rentals under a single owner, operator or ownership group from one (1) to two (2) dwelling units within the City of SeaTac. This recommendation has been incorporated in the proposed code, Attachment 1 (Exhibit A)

Summary of Amendments

The following code amendments related to short-term rentals, as detailed in Attachment 1 (Exhibit A), are recommended. This approach and draft code have been reviewed by the Legal Department for consistency with RCW 64.37 and other state law.

- A. Amended definition for “Bed and Breakfast”, and new definition for Short-Term Rental in SMC 15.105.
- B. Amended Purpose and Authority and Application Sections to include bed and breakfast and short-term rental uses in SMC 15.465.005 and SMC 15.465.010 respectively.
- C. Amended Bed and Breakfast Standards to remove requirement for parking to be screened in SMC 15.465.300, to be consistent with proposed short-term rental standards.
- D. Proposed new section regulating “Short-Term Rentals” with associated section specific definitions, general and specific regulations in SMC 15.465.320.
 - a. Added select definitions from RCW 64.37.010 for better usability.
 - b. Clarified applicability language.
 - c. Set occupancy, permitting, and other health and safety standards.
 - d. Reflected RCW 64.37 standards for short-term rental operators.
 - e. Placed limitations on the total percentage of SeaTac’s Housing Stock that can be operated as non-owner/long-term tenant occupied short-term rentals.
 - f. Limited the number of short-term rentals a single owner, ownership interest, or operator could be involved in to two non-owner/long-term tenant occupied short-term rentals, per Planning Commission’s recommendation to amend allowance from one to two properties.
- E. New use for “Short-Term Rental” in parking chart in SMC 15.455.120.

Staff Recommendation

Staff recommends that the PED committee review and recommend adoption of a code amendment for short-term rentals, as shown in Exhibit A, to the City Council, so that the City Council may adopt regulations at a later City Council meeting.

Key Considerations for PED:

1. RCW 64.37 sets general standards for all short-term rentals within the State of Washington. The City’s current municipal code has not been updated to reference or reflect these standards, nor has it established standards specific to short-term rentals.
2. As documented in the City’s recently adopted housing action plan, the City of SeaTac is experiencing housing pressures that are exaggerated by SeaTac’s relative affordability within a regional context.
3. Proposed regulations aim to balance preservation of long-term housing with private property interests.

Next Steps:

Staff is requesting that the PED Committee forward the item to Council with a recommendation. Staff has initiated the fourteen-day SEPA review period and Department of Commerce review of

the draft code has been completed without comments for revision. This schedule allows the City Council to adopt code amendments at a later Council Meeting.

Attached Items:

1. Exhibit A - Draft code amendments
2. Presentation on short-term rental background and draft code amendments

Exhibit A

Short-Term Rental Draft Code Amendments

15.105.020 "B" Definitions.

Bed and Breakfast

~~A dwelling unit within which bedrooms are available for paying transient guests. The number of guests is limited to no more than six (6) at any time.~~

An owner-occupied dwelling which rents no more than three (3) bedrooms to no more than six (6) guests at a time for a period less than thirty (30) consecutive days and serves a prepared breakfast. A bed and breakfast is not a short-term rental as defined in SMC 15.105.190.

15.105.190 "S" Definitions.

Short-Term Rental

Short-term rental means a lodging use, that is not a hotel or motel or bed and breakfast, in which a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty (30) consecutive nights.

A short-term rental does not include any of the following:

1. A dwelling unit that is occupied by the owner for at least six months during the calendar year and in which fewer than three rooms are rented at any time.
2. A dwelling unit, or portion thereof, that is used by the same person for thirty or more consecutive nights.
3. A dwelling unit, or portion thereof, that is operated by an organization or government entity that is registered as a charitable organization with the secretary of state, state of Washington, or is classified by the federal internal revenue service as a public charity or a private foundation, and provides temporary housing to individuals who are being treated for trauma, injury, or disease, or their family members.

15.465.005 Purpose

The purpose of this chapter is to delineate regulations that apply to the following residential uses: accessory dwelling units, accommodation of persons with disabilities, bed and breakfasts, short-term rentals, supportive housing facilities, community residential facilities, home occupations and mobile homes, manufactured homes and mobile home parks. (Ord. 21-1031 § 8; Ord. 15-1018 § 1)

15.465.010 Authority and Application

The provisions of this chapter shall apply to the following residential uses: accessory dwelling units, accommodation of persons with disabilities, bed and breakfasts, short-term rentals, supportive housing, community residential facilities, home occupations and mobile homes, manufactured homes and mobile home parks. (Ord. 21-1031 § 9; Ord. 15-1018 § 1)

15.465.300 Bed and Breakfast Standards

A. **Application.** The provisions of this section shall apply to all bed and breakfast uses as defined in Chapter 15.105 SMC, Definitions.

B. **Bed and Breakfast Requirements.**

1. **Number of Guests.** Number of guests limited to six (6), with no more than three (3) bedrooms;
2. **Parking.** Parking area for three (3) nonresident vehicles, ~~and screened;~~
3. **Health Department Approval.** Proof of King County Health Department approval;
4. **Meals Served.** Breakfast is only meal served for paying guest. (Ord. 15.1018 § 1)

15.465.320 Short-Term Rentals

A. **Purpose & Applicability.**

1. The section is intended to establish standards for the operation of dwelling units used as short-term rentals for the purposes of ensuring neighborhood compatibility, and safety for short-term rental guests and the broader community.
2. This section applies to uses meeting the definition of "Short-Term Rental" found in SMC 15.105.190.
3. Provisions of this section apply to short-term rentals in which the entire dwelling unit is rented, as well as individual room rentals meeting the definition of a short-term rental.

B. **Definitions.**

In addition to the definitions in Chapter 15.105 SMC, the following definitions apply to this section; for any term defined in this section that is also defined in SMC Title 15, the definition in this section shall take precedent. Definitions in SMC 15.465.320 do not apply to other sections or chapter of the municipal code. Any terms listed in RCW 64.37.010 not listed below shall also apply to this section only.

Contact

The operator or the operator's representative who is the point of contact for any short-term rental guest for the duration of the guest's stay in the short-term rental.

Dwelling unit

A residential dwelling of any type, including a single-family residence, apartment, condominium, cooperative unit, or room, in which a person may obtain living accommodations for less than thirty days, but not including duly licensed bed and breakfast, inn, hotel, motel, or timeshare property.

Guest

Any person or persons renting a short-term rental unit.

Operator

Any person who receives payment for owning or operating a dwelling unit, or portion thereof, as a short-term rental unit.

Owner

Any person who, alone or with others, has title or interest in any building, property, dwelling unit, or portion thereof, with or without accompanying actual possession thereof, and including any person who as agent, executor, administrator, trustee, or guardian of an estate has charge, care, or control of any building, dwelling unit, or portion thereof. A person whose sole interest in any building, dwelling unit, or portion thereof is solely that of a lessee under a lease agreement is not considered an owner.

Short-Term Rental Advertisement

Any method of soliciting use of a dwelling unit for short-term rental purposes.

C. Short-Term Rental Requirements.

1. General

- a. All short-term rentals shall comply with all sections of RCW 64.37.
- b. Violation of requirements in this section may result in the suspension or revocation of the short-term rental permit and/or business license endorsement.
- c. No short-term rental is allowed in any dwelling unit to which any income restrictions are in effect under any local, state, or federal authority.
- d. Any property receiving a multi-family tax exemption is not eligible for any of its units to be used as short-term rentals.
- e. The City of SeaTac is not responsible for review of compliance with any Home Owner's Association (HOA), Condo Ownership Group, or rental agreement restrictions that may exist regarding short-term rentals. It is the responsibility of the applicant to review for compliance with any superseding regulations, and receive approvals from any bodies as needed prior to submitting materials to the City of SeaTac for review.

2. Occupancy & Licensing

- a. No more than two (2) persons per bedroom over the age of two (2) years old per bedroom rented, or ten (10) persons per rental, whichever is less, are permitted. Studio apartments are considered as a single bedroom for the purposes of this section.
- b. All short-term rentals are required to obtain an active Washington State Business License with City of SeaTac Endorsement.
- c. All short-term rentals are required to maintain an active City of SeaTac permit for operating a short-term rental.

- d. All short-term rental advertisements shall represent the property in a manner which complies with all City of SeaTac and state regulations.

3. **Operation**

- a. The following information shall be posted in a conspicuous place within each dwelling unit, or bedroom, used as a short-term rental.
 - i. The short-term rental street address;
 - ii. The emergency contact information for summoning police, fire, and emergency medical services;
 - iii. The floor plan indicating fire exits and escape routes;
 - iv. The maximum occupancy limits;
 - v. The contact information for the operator or designated contact;
 - vi. A copy of the City of SeaTac Good Neighbor Guidelines; and
 - vii. A copy of an active business license for the short-term rental, with City of SeaTac Endorsement.
- b. The contact for the site shall reside within thirty (30) miles of the site address, and shall generally be able to reach the address of the short-term rental within one (1) hour of departure from their residence. It is the responsibility of the operator to update any changes to the site contact in materials provide to the guests, and to the City of SeaTac, prior to any subsequent rentals.
- c. All short-term rentals must be in compliance with RCW 19.27.530 Carbon Monoxide Alarms-Requirements-Exemptions-Adoption of rules.

4. **Ownership Limitations**

- a. The percentage of total short-term rentals not occupied by the owner or a long-term tenant for at least six-months out of a year shall not exceed three (3) percent of total dwelling units within the City of SeaTac. Once this limit has been reached, no new non-owner/long-term tenant occupied short-term rental permits will be accepted until such time that total citywide dwelling units increase, or other non-owner/long-term tenant occupied short term rental units cease operation.
- b. No short-term rental operator is permitted to own, operate, or have any interest in more than two (2) short-term rental units they are not occupying.
- c. Short-term rental owners and operators shown to own or operate more than one non-owner occupied dwelling unit prior to the adoption of this ordinance are eligible to continue use of these short-term rentals, provided they are legally permitted and remain in good standing. Expiration, or revocation of the associated business license or permit will result in the loss of vesting for this use.
- d. Short-term rental operators must remit all applicable local, state, and federal taxes unless completed through the hosting platform, RCW 64.37.020.
- e. A short-term rental operator must maintain primary liability insurance meeting the requirements of RCW 64.37.050.

15.455.120 Parking Chart for Required Off-Street Spaces

LAND USE	MINIMUM SPACES REQUIRED	ADDITIONAL REGULATIONS
RESIDENTIAL		
Short-Term Rental	1 per bedroom beyond two (2) individual bedroom rentals.	Short-Term Rentals renting out an entire dwelling unit are not required to provide any parking in addition to the code required parking for the underlying residential unit type. Short-Term Rentals in a parking permit area must demonstrate all parking can be provided off-street.

Short-Term Rental Code Amendments

EXHIBIT 4c: Page 1 of 13
DATE: 01/27/22

Planning & Economic Development Committee

January 27, 2022



POTENTIAL COMMITTEE ACTION

COMMITTEE ACTION REQUESTED

- PED recommendation and referral to City Council desired.

REVIEWS TO DATE

- PED: 1/28/2021
- PC: 2/16/2021, 4/20/2021, 10/19/2021, 11/2/2021, 11/16/21(PH)
- The Department of Commerce has reviewed draft amendments and not provided any comments.
- Draft amendments are currently in the comment period for SEPA Review.



PRESENTATION BASIS

PURPOSE OF PRESENTATION

- Provide information on proposed code amendments related to short-term rentals
- Solicit recommendation from PED committee members on forwarding the topic to council. This could include the recommendations to:
 - Recommend as written
 - Recommend with specific modifications
 - Not Recommend

WHY IS THIS ISSUE IMPORTANT

1. SeaTac's location makes it desirable for investment in properties as short-term rentals, while the region is experiencing significant growth and housing shortages.
2. Staff seeks to balance property owner rights with preservation of housing stock for long-term residents in proposed code.
3. In July 2019 RCW 64.37 regulating short-term rentals became effective, providing a baseline of state requirements for short-term rentals.
4. The topic of short-term rentals was placed on the Planning Commission's work program in December 2019.



SHORT-TERM RENTALS BACKGROUND

- WHAT IS A SHORT-TERM RENTAL?
 - Generally, a Short-Term Rental (STR) is the rental of a portion of or whole residential unit for fewer than 30 days. STRs are explicitly defined in RCW 64.37.010.
- HOW A TYPICAL SHORT-TERM RENTAL FUNCTIONS
 - Coordinated through website or mobile application
 - Guest receives instructions coordinating their stay from host
 - Usually, the guest is provided with instructions for an automated key or check-in not requiring presence of host



SHORT-TERM RENTALS BACKGROUND (CONTINUED)

CURRENT CITY OF SEATAC CODE

- Written to address short-term renters, under a bed and breakfast model
- Limits guests to two per room, and no more than six total guests at a time
- Contains general parking standard
- Requires King County Health Department approval if serving meals
- Staff is not aware of any bed and breakfasts within the City

NEW STATE LAW REGARDING SHORT-TERM RENTALS, RCW 64.37

- Topics addressed in RCW 64.37 to be included in these amendments:
 - Definitions of short-term rentals
 - a lodging use, that is not a hotel or motel or bed and breakfast, in which a dwelling unit, or portion thereof, that is offered or provided to a guest by a short-term rental operator for a fee for fewer than thirty consecutive nights.
 - Safety
 - Taxes
 - Liability



HOTEL & SHORT-TERM RENTAL STATISTICS

Hotels

- SeaTac has **6,052** hotel rooms with another approximately 600 additional rooms at some stage of planning, or pre-construction.
- The average price per night was found to be about **\$82** based on a sampling of a single Saturday to Sunday stay in March 2021 for the cheapest room for a single guest.
- For reference SeaTac has approximately 11,885 total dwelling units.

Short-Term Rentals

- SeaTac has **85-90** short-term rental units operating within the last 1 to 1.5 years.
- The average price for a single guest during the same date surveyed in March 2021 was found to be **\$97**.
 - These listings varied from single rooms, to whole house rentals.
 - A total of 43 units were available on this date.
 - 15 whole homes
 - 19 rooms within homes
 - 7 whole multifamily units
 - 2 rooms within multifamily units



GOALS IN DRAFTING CODE

BALANCE ABILITY TO USE PROPERTY WITH IMPACTS TO NEIGHBORHOODS

- When well regulated and managed, short-term rentals can mitigate impacts on surrounding properties and provide an additional income stream for property owners.

LIMIT HOUSING UNITS REMOVED FROM REGULAR HOUSING STOCK

- Committing a dwelling unit to be consistently rented out removes the dwelling unit as available for a long-term tenant, in what is already a constrained housing market.

ENSURE SHORT-TERM RENTALS OFFERED IN SEATAC ARE SAFE AND COMPLIANT WITH ALL CITY AND STATE REGULATIONS

- Setting requirements and expectations for STR operators and their guests communicates standards, increases safety, and streamlines the resolution of problems that arise.



DISCUSSION TO DATE

CONCERNS FROM PLANNING COMMISSIONERS AND COUNCIL MEMBERS

- Neighborhood compatibility
- Displacing dwelling units from housing stock
- Taxes and economic concerns
- Impacts on hospitality industry

KEY CONSIDERATIONS IN PLANNING COMMISSION REVIEW

- Restrictions on owners operating multiple STRs
- Restrictions on the total number of “whole dwelling unit” STRs in the City
- Safety regulations on total occupancy of STRs
- Parking requirements

CHANGES MADE BASED ON FEEDBACK

- Revised ownership restrictions based on Planning Commission’s feedback
- No public testimony was received



SUMMARY OF AMENDMENTS

DEFINITION CHANGES:

- Amended definition for “Bed and Breakfast” for clear interpretation.
- Added definition for “Short-Term Rental” matching RCW 64.37.010.
- Added definitions from RCW 64.37.010 for clarity and consistency.

PURPOSE, AUTHORITY & APPLICATION:

- Amended purpose, and authority and applicability statements for the chapter to be consistent with bed and breakfast and short-term rental uses.
- Added Purpose and Applicability section specific to short-term rentals.

BED AND BREAKFAST REQUIREMENTS:

- Removed requirement for parking to be screened for consistency with short-term rental standards.



SUMMARY OF AMENDMENTS (CONT)

SHORT-TERM RENTAL REQUIREMENTS

GENERAL

- Ensure compliance with RCW 64.37.
- Prohibit income restricted units, units receiving MFTE or other tax reductions from being used as short-term rentals.

OCCUPANCY AND LICENSING

- Limits occupancy based on building code and health and safety standards.
- Requires business license, city permit and accurate advertisement of property.

OPERATION

- Require posting materials on-site for guests, and site contact to reside within the area.



SUMMARY OF AMENDMENTS (CONT)

OWNERSHIP LIMITATIONS

- Limit the total percentage of housing stock that can be used exclusively as short-term rentals if this limit is reached.
- Limit the number of short-term rentals an individual owner, investor or operator can have within the City to two non-owner/long-term tenant occupied units.
- Establish grandfathering standards for existing short-term rentals that exceed these standards.
- Reflect other RCW 64.37 standards.

PARKING

- Establish new short-term rental use in parking chart and standards for parking standards for short-term rental uses.



POTENTIAL COMMITTEE ACTION

COMMITTEE ACTION REQUESTED

- PED recommendation and referral to City Council desired.

REVIEWS TO DATE

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QUESTIONS

