

BEFORE THE HEARING EXAMINER
CITY OF SEATTLE

In the Matter of the Appeals of:)

Hearing Examiner Files

621 APARTMENTS LLCS, AND SEATTLE)
SHORT TERM RENTAL ALLIANCE, SEA)
TO SKY RENTALS AND MICHELLE)
ACQUAVELLA,)

W-17-002 and W-17-003
(consolidated)

From a Determination of Nonsignificance for)
Land Use Code and Licensing Code Text)
Amendments Related to Short Term Rentals.)

DECLARATION OF ALY PENNUCCI
IN SUPPORT OF CITY'S MOTION TO
DISMISS

I, Aly Pennucci, declare under penalty of perjury under the laws of the State of Washington as follows:

1. I make this declaration based on my personal knowledge. I am over eighteen and am otherwise competent to testify to the following matters.
2. I am now, and at all material times mentioned have been, employed as a Central Staffer for the Seattle City Council and I have been assigned to prepare legislation, conduct research and review the files related to regulation of short-term rentals in Seattle.
3. I assisted in the preparation of the Short-term Rental legislation. A summary of the legislation is included in the Land Use Information Bulletin ("LUIB") Notice of proposed legislation ("Notice"). A true and correct copy of the Notice is attached hereto as Exhibit

1 A to this declaration.

2 4. Sea to Sky Rentals website states "Why choose Sea to Sky Rentals? Vacation rentals
3 have long been the savvy traveler's hotel alternative. For better product, you pay the
4 same or less- what's not to like?" See page 2 of a screenshot of Sea to Sky Rentals
5 website, a true and correct copy of which is attached hereto as Exhibit B to this
6 declaration.

7 5. The Short-Term Rental Legislation is composed of Land use amendments (Amendments
8 to Title 23, Land Use Code (LUC)) and Licensing amendments (Amendments to Title 6
9 of the SMC) (hereafter referred to as "Short Term Rental Legislation"). A true and
10 correct copy of both the Land Use amendments and Licensing Amendments are
11 attached hereto as Exhibits C1 and C2, respectively, to this declaration.

12 6. As part of the Short-Term Rental Legislation, City Council Staff prepared a report using
13 data from Airbnb collected in 2016 and updated in April 2017. A true and correct copy
14 of this Report is attached hereto as Exhibit D to this declaration. In this report, data from
15 Airbnb was analyzed and it indicates that 80% of the existing short-term rents will
16 continue to be able to operate under the prosper legislation. While Airbnb is not the
17 exclusive source of data to determine the number of short-term rentals currently being
18 offered in Seattle, comprehensive data is not available now. For that reason, the proposed
19 legislation requires reporting requirements so the City can collect this data and evaluate
20 it.

21 7. I conducted my own analysis in April 2017 and concluded that the 80% number is
22 reliable. Further, the most significant increase in growth in the short-term rental market
23 is for owners/operators of three or more units, which is what the proposed legislation will

1 limit.

2 The City issued a Determination of Non-Significance (DNS) for the Short-Term Rental Legislation
3 on April 24, 2017. A true and correct copy of the DNS is attached hereto as Exhibit E to this
4 declaration.

5 DATED this 30th day of June, 2017.

6 
7 ALY PENNUCCI
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Exhibit A

Other Land Use Action for publication in the LUIB & DJC on April 24, 2017

**NOTICE OF LAND USE CODE AND LICENSING CODE TEXT AMENDMENTS
RELATED TO SHORT TERM RENTALS AND BED AND BREAKFAST USES
AND DETERMINATION OF NON-SIGNIFICANCE**
Pursuant to SMC 25.05.340 and WAC 197-11-340

The City of Seattle is proposing to amend the Land Use Code (Title 23 SMC) and the Licensing Code (Title 6 SMC) in order to define and add land use and licensing standards for short-term rental uses and modify the definition and land use standards for bed and breakfast uses.

The legislation would establish a new definition for "short-term rental" as a type of lodging use and establish standards for short-term rentals, including a limit on the number of dwelling units that an individual may operate as a short-term rental. The legislation would also modify the definition of "bed and breakfast" as a type of lodging use and modify the standards for bed and breakfasts as an accessory use in residential zones, allowing existing "bed and breakfast" uses to continue but regulating new bed and breakfast uses as short-term rentals.

The legislation adds a requirement that all short-term rental uses have a short-term rental operator's license from the City and that all short-term rental platforms have a short-term rental platform's license from the City, and establishes a process for the enforcement of licensing requirements. The legislation includes a one-year compliance window for anyone currently offering nightly or weekly rentals of a residence within the City of Seattle.

ENVIRONMENTAL DETERMINATION

After review of a completed environmental checklist and other information on file, the Seattle Department of Construction and Inspections (SDCI) has determined that the amendments described above will not have a probable significant adverse environmental impact, and has issued a Determination of Non-Significance under the State Environmental Policy Act (no Environmental Impact Statement required).

HOW TO COMMENT

Comments regarding this DNS or potential environmental impacts may be submitted through May 8, 2017. Comments may be sent to:

**City of Seattle, SDCI
Attn: Christina Ghan
P.O. Box 94788
Seattle, WA 98124-7088
christina.ghan@seattle.gov**

HOW TO APPEAL

Appeals of the decision to issue a Determination of Non-Significance (DNS) must be submitted to the Office of the Hearing Examiner by 5:00 p.m. on May 15, 2017. Appeals should be addressed to the Hearing Examiner and must be accompanied by an \$85.00 filing fee in a check payable to the City of Seattle. The appeal must be sent to:

**City of Seattle
Hearing Examiner**

Other Land Use Action for publication in the LUIB & DJC on April 24, 2017

**PO Box 94729
Seattle WA 98124-4729**

INFORMATION AVAILABLE

Copies of the DNS and the proposal may be obtained online at <http://www.qa.seattle.gov/council/issues/regulating-short-term-rentals> or at the SDCI Public Resource Center, 700 5th Avenue, Suite 2000 in the Seattle Municipal Tower.

The Public Resource Center is open 8:00 a.m. to 4:00 p.m. on Monday, Wednesday, and Friday, and 10:30 a.m. to 4:00 p.m. on Tuesday and Thursday.

Questions regarding the proposed amendments can be directed to Aly Pennucci, City Council Central Staff, at (206) 684-8148 or aly.pennucci@seattle.gov.

Exhibit B

SEA TO SKY
RENTALS[\(https://seatoskyrentals.com/\)](https://seatoskyrentals.com/)

(206) 632-4210 (tel:(206) 632-4210)

Sea to Sky Rentals – **Seattle's Best Vacation Rentals**

Our properties are located across the city of Seattle for your convenience! We are the ONLY local manager to offer rentals in Seattle's vibrant residential neighborhoods, outside Downtown Seattle, and we manage over 50 rentals total in the city of Seattle. All have their own unique charm and are thoughtfully appointed to best suit our guests' needs. Choose Sea to Sky for your Seattle stay!

[\(/downtown/\)](/downtown/)[\(/belltown/\)](/belltown/)[\(/urban-neighborhoods/\)](/urban-neighborhoods/)[\(/seattle-neighborhood-guides/\)](/seattle-neighborhood-guides/)

Bedrooms <input type="checkbox"/>	Guests <input type="checkbox"/>	Area <input type="checkbox"/>	Check-in	Check-out	Search
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**DOWNTOWN
APARTMENTS****BELLTOWN
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Questions? Our dedicated team is available 24 hours a day, 7 days a week.
Call us at (206) 632-4210 (tel:+2066324210) or email us at info@seattlesvacationrentals.com
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Instant Booking

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Trusted Rentals

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Guest Support

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Professionally Inspected

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Best Rates

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Expert Advice

()



Protect Your Trip

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Book Safely On-Line

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Why Choose **Sea to Sky Rentals**?

Vacation rentals have long been the savvy traveler's hotel alternative. For better product, you pay the same or less - what's not to like? But the popularity of vacation rentals is growing, and websites like VRBO and Airbnb are flooding the market. It's hard to know which to choose, and who to trust. Sea to Sky Rentals is a small local business that has been in business for over 15 years. We take great pride in our A+ rating from the BBB, and make it our priority to provide guests with incredible vacation experiences, which includes world class customer service. Call us or book online today!



Pike Place Market

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The Space Needle

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The Great Wheel

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Olympic Sculpture Park

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Washington State Ferries

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Seattle Art Museum

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Local **Guides**

(/dining/)

(/coffee/)

(/shopping/)

(/sightseeing/)

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Featured Properties

Belltown Court Studio
(<https://seatoskyrentals.com/221830/>)

Birch Tree Cottage
(<https://seatoskyrentals.com/221834/>)

Newmark Tower Seattle Suite
(<https://seatoskyrentals.com/221854/>)

Belltown Court Home Port Suite
(<https://seatoskyrentals.com/221825/>)

Belltown Court Loft Penthouse
(<https://seatoskyrentals.com/221827/>)

Phinneywood Bungalow
(<https://seatoskyrentals.com/221860/>)

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SEA TO SKY
RENTALS

Seattle Property Management Services

When you choose Sea to Sky to manage your vacation or corporate rental, all you have to do is sit back and relax! Sea to Sky manages the complete rental process including premium online marketing, advertising/public relations, real-time booking, guest logistics and customer care, and property cleaning and light maintenance. We eliminate the hassles of self-managed rentals while providing our owners even better financial benefit.

When adding new properties to the Sea to Sky collection, the three primary factors we evaluate are condition, location and special features. To ensure an exceptional guest experience, we only consider homes in excellent condition and in desirable urban neighborhoods. Our expertise in the identification, management, maintenance and design of short term rental properties allows you, the home owner, the opportunity to reap the benefits of owning a short term rental property without the headache. With office hours and staff working seven days a week and a 24/7 pager line available to all guests, Sea to Sky will be there so you don't have to be!

Benefits of working with Sea to Sky Rentals

- We are the oldest, largest, and most experienced Vacation Rentals Business in Seattle.
- Our comprehensive Marketing and highly-responsive Guest Care team gets you more bookings and more revenue.
- Our in-house Property Manager and Housekeeping team keeps all our homes in pristine condition.
- Our customer service for owners is unmatched, not just while you're shopping, but for as long as you work with us.
- We save you the time and hassle of managing a furnished rental so that you can enjoy your home without the headaches!

To find out more about how we can help you maximize the benefits of your short term rental property, please contact our Owner Account Manager, Matt Szymanowicz, at matt@seattlesvacationrentals.com (mailto:matt@seattlesvacationrentals.com)!

Owner Intake Form

Interested in learning more about our vacation rental property management services? Provide us with some basic information and we will be in touch with you soon!

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(206) 632-4210

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Staff Bios



Michelle Acquavella – Owner & Founder

As the owner and founder of Sea to Sky Rentals, Michelle Acquavella is known for her guest-centric philosophy, strong business acumen, and warm, friendly demeanor. A leader in the industry, both locally and across the nation, she has paved the way for Seattle vacation rentals and built Sea to Sky Rentals into the successful and respected company it is today.

It all started in 2001, when Michelle had furnished her Phinney Ridge mother-in-law apartment for visiting grandparents. While the grandparents weren't in town, she rented out the room as a vacation rental to supplement her household income. As only the second listing in Seattle on VRBO.com, it quickly became a popular pick for vacationers visiting Seattle. After noticing the significant shortage of quality vacation home rental options in the area, it didn't take long for Michelle to see the value in investing in more properties and went to work drafting a business plan.

15 years later, Michelle has become a pace-setter in this emerging powerhouse industry. In addition to growing a niche business and co-founding the Vacation Rental Managers Association of Washington, Michelle has established herself as a rental rights advocate in the city of Seattle. In 2007, Michelle challenged the city's proposed ban on short-term vacation rentals. If allowed to go into effect, the law would have taken away a Seattle visitor's right to choose between a hotel or vacation rental. After two long years of fighting, Michelle won her case and paved the way for all vacation rentals in Seattle.

In 2016, Sea to Sky Rentals officially acquired Mysty Mountain Properties and added 30+ boutique cabin rentals in the North Cascades, near beautiful Stevens Pass! Michelle also finds time to serve on the board of VRMAWA as well as the national Vacation Rental Managers Association, and participates in the Washington State Hotel and Lodging Association, and Seattle's Convention and Visitors Bureau. Sea to Sky Rentals, as always, maintains an A+ rating with the Better Business Bureau.

In her free time, Michelle takes the opportunity to travel whenever possible, always seeking out the best local vacation rentals!

Favorite Sea to Sky property: Olympus Penthouse (<http://www.seatoskyrentals.com/Unit/Details/72052>) – "Besides the amazing amount of space, wrap around fireplace and traditional styling, my favorite part about the Olympus Penthouse is stepping out onto the rooftop patio and taking advantage of the stunning Puget Sound, Olympic Sculpture Park and Space Needle views!"



Heidi Stuber – *Business Director*

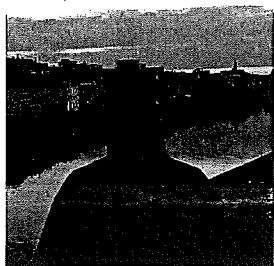
Heidi comes to Sea to Sky with 12 years' experience in Small Business Management. She is a strategic leader known for her ability to work with a team to build sustained growth and profitability. In addition to her working experience, Heidi has a MBA, Master of Business Administration, from Seattle University with a focus on Leadership Development. Heidi brings to Sea to Sky her commitment to excellent customer service for owners, guests, neighbors, and vendors. Her favorite part of the job is helping owners find the perfect property and then helping guests pick the perfect unit for their vacation.

Before joining the Sea to Sky team, Heidi worked in several different leadership roles in small business and non-profit organizations. She has led two small business turnarounds, managed well over a hundred people, and supported tens of thousands of customers. Her approach to leadership is to unite a clear vision of the future with innovation, respect, and accountability.

Heidi has been managing people for over ten years and works to build effective teams by communicating openly and directly, empowering shared leadership, and solving problems creatively. She is passionate about developing operational efficiencies, moving organizations forward, and getting people involved in the process. She is committed to her staff, her customers, and her owners.

When not working at her homemade treadmill desk, you can find Heidi enjoying a glass of wine, reading about business strategy or leadership in bits of borrowed time, and chasing her dog or son or both. Her favorite business maxim is from Henry Ford: "If everyone is moving forward together, then success takes care of itself."

Favorite Sea to Sky property: Fremont Jet City Townhome (<http://seatoskyrentals.com/Unit/Details/85113>). "I can't decide what I like more about this property: its location or its funky aesthetic! I love that it is within walking distance to Woodland Park Zoo, Greenlake and Fremont – the Center of the Universe while still offering easy access to downtown. The unique and quirky design makes it fun for a group of friends and the top floor master suite is a real treat."



Erika Keenan – *Guest Care Manager*

Erika Keenan, our Office Manager, joined the Sea to Sky Rentals team in 2012. Erika has an extensive background in hospitality. Before she made the switch to vacation rentals, she worked in the hotel industry for several years. She was first hired on as a Reservationist and then promoted to Office Manager a year later. In 2016, she accepted the brand new position of Guest Care Manager!

In the office, Erika is known for her positivity and patience. When an owner has questions about their rental statements or payment, they can contact Erika directly. She's also a great first contact for any miscellaneous question about policies or procedures, since she has been with the company for four years!

Erika has a huge passion for travel. She just recently returned in June 2016 from a year abroad where she biked through 13 countries in Europe. When she's not traveling, she's exploring Seattle and working for a company she loves!



Kylie Russell – Guest Care Coordinator

Hi, my name is Kylie! I am originally from New York, and I live for outdoor exploration. The East Coast has offered me some great adventures, but the Pacific Northwest is the place I call home. From the mountains to the city to the beautiful Puget Sound, it's a total dream. Working for Sea to Sky is a real treat. We have the most hilarious, loveable, hard-working team I could ever ask for! I am so glad that we are able to offer the full PNW experience at a click of a mouse to anyone who wants to come & experience the Emerald City!

When I'm not bragging about all the wonderful vacation rentals we have to offer, I'm usually at home playing with my cats, finding a new hiking trail, or indulging at one of the many, MANY craft breweries that Washington State has to offer.



Ariana Navarro – Guest Care Administrator

Ariana joined the Sea to Sky team in 2016 as our Guest Care Admin! Her unfailing attention to detail makes her the perfect candidate for the position. She's been in the customer service industry for over 10 years, and her extensive experience allows her to jump into any guest care situation and handle it graciously.

When she's not at work, Ariana enjoys reading, playing ultimate frisbee, going on hikes, or just hanging out with friends. She likes to venture into the city and just walk around taking in all the sights, exploring new areas and trying new things!

Favorite Sea to Sky property: "I absolutely fell in love with the Cascade Jewel Cabin. The view is gorgeous and the cabin is right on the water. Absolutely stunning! The cabin itself is beautifully decorated in a retro style that makes you feel right at home."



Louisa Cranston Jacobs – *Marketing Manager*

Louisa is a creative and dedicated problem-solver, with a BFA in Design from Cornish College of the Arts, and 10 years of experience in the hospitality world. She began working for Mysty Mountain Properties, a vacation rental company specializing in Stevens Pass-area cabins, as a Reservations and Marketing Assistant in 2013. In June of 2014, Mysty Mountain merged offices as well as reservations and marketing departments with Sea to Sky Rentals, starting an exciting new chapter for both companies. At that time, Louisa was named Guest Care Lead and Brand Integration Manager, working to streamline company policies and procedures, align the two guest care philosophies, and integrate company branding into every aspect of the guest experience.

Now that Sea to Sky Rentals has officially acquired Mysty Mountain, Louisa has transitioned to the role of Marketing Manager. In this capacity, she helps guests find and learn to love our brand with regular email newsletters and social media posts, through popular vacation rental listing websites like VRBO and Airbnb, web design and SEO/PPC management, branded product design, and frequent seasonal promotions. At Sea to Sky, she is able to use her extensive customer service and hospitality knowledge, her graphic design training, her talent for branding and marketing, and gift for strategic planning to help grow Sea to Sky Rentals and empower our guests to have the best vacation experience possible!

Louisa grew up in Seattle and now happily resides in Mountlake Terrace, just north of Seattle, with her husband, son, and their three cats. In her free time she enjoys cooking, crafting, freelance family photography, and spending quality time with loved ones.

Favorite Sea to Sky Property: Olympus Penthouse (<http://www.seatoskyrentals.com/Unit/Details/72052>)! You just can't beat that breathtaking view.

Matt Szymanowicz – *Owner Account Manager*

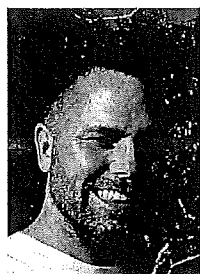
Stay tuned!

Jennifer Egaas – *Property Care Manager, Seattle*

A strong compassionate leader with a knack for details, Jen thrives in her role as Property Care Manager. In addition to overseeing the Property Care team, she oversees the onboarding process for new properties, and ensures high standards and the perfect stay for each guest. Since joining the Sea to Sky team in 2011, Jennifer has enjoyed watching the company grow and being a part of a bigger picture. Learning as much of the company as she can, she thrives knowing that she supports owners and helps make each guest's stay a pleasant one.

A lifelong resident of Ballard, Jennifer is passionate about her family, photography, cooking and repairing things. On the weekends, you can find her gardening or watching one of her three daughter's soccer games.

Favorite Sea to Sky property: Centennial Tower Penthouse. "It's so centrally located in Seattle and I love the view. I also love the way it's decorated."



Tony Willis – *Property Care Assistant Manager, Seattle*

Tony Willis joined the Sea to Sky team in 2014, initially as the Property Care Inspector, and was then more recently promoted to the Property Care Assistant Manager. His professional background also includes 18 years in the retail industry, many in the Visual Merchandising arena. He now utilizes many of those same skills, ensuring the maintenance and décor standards of our properties for the enjoyment of our guests and owners alike. When he's not hard at work engineering a fantastic vacation experience for our guests, he likes to unwind with friends over drinks, and travel whenever he gets a chance!

Travis Cittell – *Property Care Manager, North Cascades*

Stay tuned!

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Exhibit C 1

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE amending Sections 22.214.030, 23.44.051, 23.45.504, 23.45.545, 23.84A.024, 23.84A.030, and 23.84A.036 of the Seattle Municipal Code (SMC); and adding a new Section 23.42.060 to the SMC; relating to short-term rental uses and bed and breakfast uses.

...body

WHEREAS housing vacancy rates are at low levels, making it increasingly difficult for people to

obtain permanent housing; and

WHEREAS, removal of residential units from the long-term housing market contributes to low

vacancy rates; and

WHEREAS, the conversion of long-term housing units to short-term rentals could result in the

loss of housing for Seattle residents; and

WHEREAS, it is in the public interest that short-term rental uses be regulated in order to help

preserve housing for long-term tenants; and

WHEREAS, the business model of short-term rental agencies depends upon participation and

contact with local short-term rental operators; and

WHEREAS, the standards for the operation of short-term rental uses contained in this ordinance

help to preserve the availability of housing for long-term rentals by limiting the number

of short-term rentals a person can operate, reduce negative effects on affordable housing,

and protect the safety and livability of residential neighborhoods; and

WHEREAS, the City Council finds that this ordinance is necessary to protect and promote the

health, safety, and welfare of the general public; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. Section 22.214.030 of the Seattle Municipal Code, last amended by Ordinance 124312, is amended as follows:

22.214.030 Applicability

A. The registration provisions of this Chapter 22.214 shall apply to all rental housing units with the exception of:

1. Housing units lawfully used as ~~((vacation))~~ short-term rentals for periods not to exceed three consecutive months and not consecutively used by the same individual or individuals for more than three months in any ~~((twelve))~~ 12-month period;

2. Housing units rented for not more than 12 consecutive months as a result of the property owner, who previously occupied the unit as a primary residence, taking a work-related leave of absence or assignment such as an academic sabbatical or temporary transfer;

3. Housing units that are a unit unavailable for rent;

4. Housing units in hotels, motels, inns, bed and breakfasts, or ~~((in))~~ similar accommodations that provide lodging for transient guests, but not including short-term rentals as defined in Section 23.84A.024 unless the short-term rental qualifies for exemption under subsection 23.214.030.A.1;

5. Housing units in facilities licensed or required to be licensed under ~~((RCW))~~ chapter 18.20, ~~((RCW))~~ 70.128, or ~~((RCW))~~ 72.36 RCW, or subject to another exemption under this Chapter 22.214;

6. Housing units in any state licensed hospital, hospice, community-care facility, intermediate-care facility, or nursing home;

7. Housing units in any convent, monastery, or other facility occupied exclusively by members of a religious order or congregation;

8. Emergency or temporary ((-)) shelter or transitional housing accommodations;

9. Housing units owned, operated, or managed by a major educational or medical institution or by a third party for the institution; and

10. Housing units that a government entity or housing authority owns, operates, or manages; or units exempted from municipal regulation by federal, state, or local law.

* * *

Section 2. A new Section 23.42.060 is added to the Seattle Municipal Code as follows:

23.42.060 Short-term rentals

Short-term rental uses are subject to the following provisions:

A. Short-term rental uses are permitted in any structure established as a dwelling unit unless (1) the proposed use is in a dwelling unit established as a caretaker's quarters, or (2) the proposed use is over water or otherwise prohibited by the shoreline regulations contained in Chapter 23.60A.

B. A short-term rental use may be located in a dwelling unit or an accessory dwelling unit.

C. Business license

1. All operators of short-term rental uses shall have a valid business license tax certificate issued by the Department of Finance and Administrative Services.

2. All operators of short-term rental uses shall have a valid short-term rental operator's license issued by the Department of Finance and Administrative Services.

D. Number of residents and guests. The total number of residents and guests occupying a dwelling unit that includes a short-term rental may not exceed the maximum number

of residents allowed in a household by this code. For sites with an accessory dwelling unit, the total number of residents and guests occupying both the dwelling unit and any accessory dwelling units may not exceed the number of residents allowed for a household.

E. Short-term rental uses may display signs identifying the use if the signs are permitted by Chapter 23.55.

F. If a short-term rental operator provides breakfast, light snacks, or both to guests, the facility and operator must meet applicable health and safety regulations including but not limited to regulations of Public Health—Seattle & King County and the Washington State Department of Health.

G. Notwithstanding Sections 23.42.100, 23.42.102, and 23.42.104, short-term rental uses, as defined in Section 23.84A.024, in existence prior to adoption of Council Bill _____ shall comply with the requirements of this Chapter 23.42 no later than one year from the adoption of Council Bill _____.

Section 3. Section 23.44.051 of the Seattle Municipal Code, last amended by Ordinance 124919, is amended as follows:

23.44.051 Bed and breakfasts

~~((A bed and breakfast use is permitted if it meets the following standards))~~

A. ~~((General provisions))~~ New bed and breakfast uses. Subject to Section 23.76.026, proposed bed and breakfast uses are prohibited after the effective date of Council Bill _____. Proposed uses that would have been classified as a bed and breakfast use before that date may qualify and be permitted as a short-term rental use.

B. Existing bed and breakfast uses

1 1. Existing bed and breakfast uses are not deemed to be nonconforming uses,
2 notwithstanding Sections 23.42.100, 23.42.102, and 23.42.104. Except as provided below, an
3 existing bed and breakfast use is a use that has one or more of the following: a land use permit
4 from The City of Seattle establishing the bed and breakfast use, a valid food service
5 establishment permit for a bed and breakfast use issued by Public Health—Seattle & King
6 County; or a valid transient accommodation license for a bed and breakfast use issued by the
7 Washington State Department of Health. A bed and breakfast use that was discontinued for one
8 year immediately preceding the effective date of Council Bill _____ is not an existing bed
9 and breakfast use.

10 2. Existing bed and breakfast uses are subject to the following requirements:

11 ~~((1.))~~ a. The bed and breakfast use shall have a valid business
12 license tax certificate issued by the Department of Finance and Administrative Services;

13 ~~((2.))~~ b. The bed and breakfast use shall be operated by ~~((an owner))~~
14 the primary resident of the dwelling unit where the bed and breakfast is located; ((who owns at
15 least a 50 percent interest in the dwelling in which the bed and breakfast is located;

16 3. An owner who owns at least a 50 percent interest in the dwelling shall
17 reside in the structure in which the bed and breakfast use is located during any period in which
18 rooms are rented to guests;

19 4. No more than two people who reside outside the dwelling unit shall be
20 employed, with or without compensation, in the operation of the bed and breakfast use;

21 5. The bed and breakfast use shall be operated within the principal structure,
22 which shall be at least five years old;

1 6.)) c. There shall be no evidence of the bed and breakfast use visible
2 from the exterior of the dwelling unit except for a sign permitted by subsection 23.55.020.D.1;

3 ((7.)) d. The bed and breakfast use shall have no more than five
4 guest rooms, provided that this limitation does not apply to bed and breakfast uses that were
5 established on or before April 1, 1987, and that have been continuously operated as a bed and
6 breakfast since that date; and

7 e. A bed and breakfast use may be located in a dwelling unit or an
8 accessory dwelling unit.

9 ((8. Parking shall be provided as required in Chapter 23.54.))

10 ((B. — Alterations to single family structures. Interior and exterior alterations consistent
11 with the development standards of the underlying zone are permitted.

12 C. — Dispersion. Any lot line of property containing any proposed new bed and
13 breakfast use must be located 600 feet or more from any lot line of any other bed and breakfast
14 use.

15 D. — Neighborhood mitigation provisions

16 1. — The owner will make public transit information available to patrons, and
17 the owner's operating plan must describe how the transit information will be made available to
18 patrons.

19 2. — The design of the structure in which the use is located and the orientation
20 of the access will minimize impacts, such as noise, light and parking, to neighboring structures.

21 3. — The owner's operating plan includes quiet hours, limits on programmed
22 on-site outdoor activities, and parking policies to minimize impacts on residential neighbors.

4. ~~The delivery of goods and services associated with the bed and breakfast use are accommodated at a time and in a manner that will limit, to the extent feasible, impacts on surrounding properties.~~

5. ~~The operating plan shall be distributed to all residents and property owners within 300 feet of the proposed bed and breakfast use. The distributed plan shall reference this Section 23.44.051 and provide contact information for the Seattle Department of Construction and Inspections' Review and Inspection Center and contact information for the operator of the bed and breakfast. Applicants for a permit to establish a bed and breakfast use shall provide proof to the Seattle Department of Construction and Inspections that they made a good faith effort to provide the required distribution prior to issuance of a permit establishing the use.))~~

Section 4. Subsection 23.45.504.C of the Seattle Municipal Code, which section was last amended by Ordinance 124843, is amended as follows:

23.45.504 Permitted and prohibited uses

* * *

C. Accessory uses. The following accessory uses are permitted in all multifamily zones, subject to the standards in Section 23.45.545, if applicable:

1. Private garages and carports;
2. Private, permanent swimming pools, hot tubs, and other similar uses;
3. Solar collectors, including solar greenhouses;
4. Open wet moorage accessory to residential structures;
5. Uses accessory to parks and playgrounds, pursuant to Section 23.45.578;

6. ~~Bed and breakfasts ((in a dwelling unit that is at least five years old))~~
lawfully operating prior to the effective date of Council Bill _____;

7. Recycling collection stations;

8. Urban farms with planting area not more than 4,000 square feet. Urban farms with greater than 4,000 square feet of planting area may be allowed as an administrative conditional use to any use permitted outright or as a conditional use. The Director may grant, condition, or deny a conditional use permit in accordance with subsection 23.42.051.B; and

9. Accessory dwelling units.

* * *

Section 5. Subsection 23.45.545.G of the Seattle Municipal Code, which section was last amended by Ordinance 124378, is amended as follows:

23.45.545 Standards for certain accessory uses

* * *

G. ~~Bed and breakfast uses. ((A bed and breakfast use may be operated under the following conditions:))~~

1. New bed and breakfast uses. Subject to Section 23.76.026 (vesting), proposed bed and breakfast uses are prohibited after the effective date of Council Bill _____.
Proposed uses that would have been classified as a bed and breakfast use before that date may qualify and be permitted as short-term rental uses.

2. Existing bed and breakfast uses

a. Existing bed and breakfast uses are not deemed to be nonconforming uses notwithstanding Sections 23.42.100, 23.42.102, and 23.42.104 (nonconforming use regulations). Except as provided below, an existing bed and breakfast use is

1 a use that has one or more of the following as of the effective date of Council Bill _____ : a
2 land use permit from The City of Seattle establishing the bed and breakfast use, a valid Food
3 Service Establishment permit for a bed and breakfast use issued by Public Health—Seattle &
4 King County; or a valid transient accommodation license for a bed and breakfast use issued by
5 the Washington State Department of Health. A bed and breakfast use that was discontinued for
6 one year immediately preceding the effective date of Council Bill _____ is not an existing
7 bed and breakfast use;

8 b. The bed and breakfast use has a valid business license tax
9 certificate issued by the Department of Finance;

10 2. ~~The operation of a bed and breakfast use is conducted within a single~~
11 ~~dwelling unit;~~

12 3. ~~The bed and breakfast use is operated within the principal structure and~~
13 ~~not in an accessory structure;~~

14 4.) c. There shall be no evidence of a bed and breakfast use visible from
15 the exterior of the ((structure)) dwelling unit other than a sign permitted by subsection
16 23.55.022.D.1; ((, so as to preserve the residential appearance of the structure;)) and

17 d. A bed and breakfast use may be located in a dwelling unit or an
18 accessory dwelling unit.

19 ((5. ~~No more than two people who are not residents of the dwelling may be~~
20 ~~employed in the operation of a bed and breakfast, whether or not compensated; and~~

21 6. ~~Parking is required pursuant to Chapter 23.54. Interior and exterior~~
22 ~~alterations consistent with the development standards of the underlying zone are permitted.))~~

Section 6. Section 23.84A.024 of the Seattle Municipal Code, last amended by Ordinance 125272, is amended as follows:

23.84A.024 “L”

* * *

“Lodging use” means a commercial use in which the primary activity is the provision of rooms to transients. Lodging uses include but are not limited to the following uses:

1. “Bed and breakfast” means a lodging use ((§)) where rooms within a single dwelling unit are provided to transients by a resident operator for a fee by prearrangement on a daily or short-term basis. A breakfast and/or light snacks may be served to those renting rooms in the bed and breakfast.

2. “Hotel” means a lodging use ((§)) located in a structure in which access to individual units is predominantly by means of common interior hallways, and in which a majority of the rooms are provided to transients for a fee on a daily or short-term basis.

3. “Motel” means a lodging use ((§)) located in a structure in which access to individual units is predominantly by means of common exterior corridors, and in which a majority of the rooms are provided to transients on a daily or short-term basis, and in which off-street parking is provided on the lot.

4. “Short-term rental” means a lodging use, that is not a hotel or motel, in which a dwelling unit or portion thereof is provided to guests by a short-term rental operator for a fee for fewer than 30 consecutive nights. A dwelling unit or portion thereof that is used by the same individual or individuals for 30 or more consecutive nights is not a short-term rental.

* * *

Section 7. Section 23.84A.030 of the Seattle Municipal Code, last amended by Ordinance 124378, is amended as follows:

23.84A.030 “P”

* * *

“Preliminary plat” means a neat and approximate drawing of a proposed subdivision showing the general layout of streets and alleys, lots, blocks, and other elements of a subdivision, that is submitted to furnish a basis for the approval or disapproval of the general layout of a subdivision.

“Primary residence” means a person’s usual place of return for housing as documented by motor vehicle registration, driver’s license, voter registration, or other similar evidence. A person may have only one primary residence.

“Principal structure” means the structure housing one or more principal uses as distinguished from any separate structures housing accessory uses.

* * *

Section 8. Section 23.84A.036 of the Seattle Municipal Code, last amended by Ordinance 125272, is amended as follows:

23.84A.036 “S”

* * *

“Short subdivision” means the division or redivision of land into nine ~~((9))~~ or fewer lots, tracts, parcels, sites, or divisions for the purpose of sale, lease, development, or financing.

“Short-term rental.” See “Lodging use.”

“Short-term rental operator” means any person who is the owner or tenant of a dwelling unit, or portion thereof, who provides a dwelling unit, or portion thereof, for short-term rental use.

“Shoulder” means the graded area between the roadway edge and the sidewalk, or slope line where there is no sidewalk, on the portion of a street where there are no curbs.

* * *

Section 9. The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of its application to any person or circumstance, does not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

Section 10. This ordinance shall take effect on January 1, 2018.

Passed by the City Council the _____ day of _____, 2017,
and signed by me in open session in authentication of its passage this _____ day of
_____, 2017.

President _____ of the City Council

Approved by me this _____ day of _____, 2017.

Edward B. Murray, Mayor

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)

Exhibit C 2

CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL _____

..title

AN ORDINANCE related to the regulation of short-term rental businesses; adding a new chapter 6.600, Short-Term Rentals, to the Seattle Municipal Code.

..body

WHEREAS, housing vacancy rates are at low levels, making it increasingly difficult for people to locate permanent housing; and

WHEREAS, removal of residential units from the long-term housing market contributes to low vacancy rates; and

WHEREAS, the conversion of long-term housing units to short-term rentals could result in the loss of housing for Seattle residents; and

WHEREAS, it is in the public interest that short-term rental uses be regulated in order to conserve limited housing resources; and

WHEREAS, the short-term rental platforms, as part of a new but growing industry, would also benefit from regulation to ensure good business standards and practices; and

WHEREAS, short-term rental platform businesses depend upon participation and contact with local short-term rental operators; and

WHEREAS, this ordinance provides standards for the operation of short-term rental platform and short-term rental operators; and

WHEREAS, the City Council finds that this ordinance is necessary to protect and promote the health, safety, and welfare of the general public; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. A new Chapter 6.600 is added to the Seattle Municipal Code as follows:

Chapter 6.600 SHORT-TERM RENTALS

6.600.010 Scope and purpose

This chapter 6.600 applies to all short-term rental operators and short-term rental platforms that facilitate short-term rental operators to offer a dwelling unit, or portion thereof, for short-term rental use within The City of Seattle. The ordinance enacting this Chapter 6.600 is an exercise of The City of Seattle's police power to license short-term rental platforms and short-term rental operators for regulation. Some of its regulatory purposes are to preserve the City's permanent housing stock, increase economic opportunity for residents operating short-term rentals in their own homes, reduce any indirect negative effects on the availability of affordable housing, create a level playing field for all parties engaged in the business of providing lodging, and protect the livability of residential neighborhoods.

6.600.020 Application of other provisions

The licenses provided for in this Chapter 6.600 are subject to the general provisions of the new Seattle License Code set forth in Chapter 6.202 as now or hereafter amended. In the event of a conflict between the provisions of Chapter 6.202 and this Chapter 6.600, the provisions of this Chapter 6.600 shall control.

6.600.030 Definitions

"Accessory dwelling unit" or "ADU" means an "Accessory dwelling unit" or a "Detached accessory dwelling unit" or "DADU" as defined under "Residential use" in Section 23.84A.032.

"Booking service" means any reservation and/or payment service provided by a person or entity that facilitates a short-term rental transaction between a short-term rental operator and a prospective short-term rental guest, and for which the person or entity collects or receives,

1 directly or indirectly through an agent or intermediary, a fee in connection with the reservation
2 and/or payment services provided for the short-term rental transaction.

3 "Director" means the Director of Finance and Administrative Services or that Director's
4 designee.

5 "Dwelling unit" means a room or rooms located within a structure that are configured to
6 meet the standards of Section 23.42.048 and that are occupied or intended to be occupied by not
7 more than one household as living accommodations independent from any other household.

8 "Fee" means remuneration or anything of economic value that is provided, promised, or
9 donated primarily in exchange for services rendered.

10 "Guest" means any person or persons renting a short-term rental.

11 "Household" means a housekeeping unit consisting of any number of related persons;
12 eight or fewer non-related persons; eight or fewer related and non-related persons, unless a grant
13 of special or reasonable accommodation allows an additional number of persons.

14 "Local contact" means the short-term rental operator or the person(s) designated by the
15 short-term rental operator who: (1) reside in King County; and (2) are the point of contact for
16 any short-term rental guest(s) for the duration of the guest(s)' stay in the short-term rental.

17 "Operate a short-term rental platform within the City" means that a short-term rental
18 platform is engaged in business in the City, including having agreements with short-term rental
19 operators or other customers in the City who provide dwelling units, or portions thereof, located
20 in the City for short-term rental use, regardless of whether the short-term rental platform is
21 physically present in the City.

22 "Owner" means any person who, alone or with others, has title or interest in any building,
23 property, dwelling unit or portion thereof, with or without accompanying actual possession

1 thereof, and including any person who as agent, or executor, administrator, trustee, or guardian
2 of an estate has charge, care, or control of any building.

3 "Person" means any individual, firm, corporation, association, governmental entity, or
4 partnership and its agents or assigns.

5 "Primary residence" means a person's usual place of return for housing as documented by
6 motor vehicle registration, driver's license, voter registration or other such evidence as
7 determined by Director's rule. A person may have only one primary residence.

8 "Short-term rental advertisement" means any method of soliciting use of a dwelling unit
9 for short-term rental purposes.

10 "Short-term rental" means a lodging use, that is not a hotel or motel, in which a dwelling
11 unit or portion thereof is provided to guest(s) by a short-term rental operator for a fee for fewer
12 than 30 consecutive nights. A dwelling unit or portion thereof that is used by the same individual
13 or individuals for 30 or more consecutive nights is not a short-term rental.

14 "Short-term rental operator" means any person who is the owner or tenant of a dwelling
15 unit, or portion thereof who provides a dwelling unit, or portion thereof, for short-term rental
16 use.

17 "Short-term rental operator registry" means a log of information maintained by the short-
18 term rental operator.

19 "Short-term rental platform" means a person that provides a means through which an
20 owner or tenant of a dwelling unit, or portion thereof, may offer the dwelling unit, or portion
21 thereof, for short-term rental use and from which the platform derives revenues, including, but
22 not limited to, booking fees or advertising revenues from providing or maintaining booking
23 services. This service includes but is not limited to allowing a short-term rental operator to

1 advertise the dwelling unit, or portion thereof, for short-term rental use through a website
2 provided by the short-term rental platform and providing a means for potential users to arrange
3 payment for use of the short-term rental, whether the user pays directly to the owner or tenant or
4 to the short-term rental platform. Merely publishing a short-term rental advertisement for
5 accommodations does not make the publisher a short-term rental platform.

6 "Tenant" means a person occupying or holding possession of a dwelling unit or portion
7 thereof for a period of 30 or more days, pursuant to written or oral agreement.

8 **6.600.040 License required**

9 A. It is unlawful for any person to operate as a short-term rental platform within the
10 City without a valid short-term rental platform license issued pursuant to this Chapter 6.600.

11 B. It is unlawful for any person to operate as a short-term rental within the City
12 without a valid short-term rental operator license issued pursuant to this Chapter 6.600.

13 **6.600.050 License applications**

14 A. Short-term rental platform licenses are issued by the Director and may be
15 obtained by filing with the Director a short-term rental platform application in a format
16 determined by the Director.

17 B. Short-term rental operator licenses are issued by the Director and may be
18 obtained by filing with the Director a short-term rental operator license application in a format
19 determined by the Director and by submitting a signed declaration of compliance attesting that
20 each dwelling unit, or portion thereof, offered for short-term rental use satisfies the
21 requirements of Section 6.600.070.

22 C. Each short-term rental operator license shall be issued a license number and
23 such other information as the Director deems necessary.

1 D. All short-term rental platform licenses and short-term rental operator licenses
2 shall expire one year from the date the license is issued and shall be renewed annually.

3 **6.600.060 Short-term rental platforms general provisions**

4 All short-term rental platforms operating in Seattle city limits shall comply with the following:

5 A. Possess a valid short-term rental platform license issued pursuant to this Chapter

6 6.600.

7 B. Provide booking services only for short-term rental operators who possess valid
8 short-term rental operator licenses issued pursuant to this Chapter 6.600.

9 C. Provide the following information electronically to the City on a quarterly basis:

10 1. The total number of short-term rentals in the City listed on the platform
11 during the applicable reporting period; and

12 2. The total number of nights each Seattle listing was rented through the
13 short-term rental platform during the applicable reporting period.

14 D. Inform all short-term rental operators who register with the short-term rental
15 platform of the operator's responsibility to collect and remit all applicable local, state and federal
16 taxes unless the short-term rental platform does this on the operator's behalf.

17 E. Provide a copy of summaries prepared by the Director pursuant to Section
18 6.600.065 to any short-term rental operator for which the short-term rental platform provides
19 booking services. Such provision includes notifying all short-term rental operators of changes to
20 local regulations when the short-term rental platform is notified by the Department. Upon
21 request, the short-term rental platform shall provide documentation demonstrating that the
22 required notification was provided.

F. Upon request, permit the Director to review any records that are required to be kept under this Chapter 6.600.

6.600.065 Summaries of short-term rental regulations

The Department shall, as soon as practicable after passage of the ordinance introduced as Council Bill [REDACTED], and as the Department shall deem necessary thereafter, prepare a summary of this Chapter 6.600 and any other applicable regulations or identified best practices for operating a short-term rental. This shall include information pertinent to the neighborhood where the short-term rental is located including, but not limited to parking restrictions, restrictions on noise and amplified sounds, trash collection schedule, and any other information, as determined by the Director.

6.600.070 Short-term rental operator general provisions

All short-term rental operators who offer dwelling units, or portions thereof, for short-term rental use in the City shall comply with the following:

A. Possess no more than one valid short-term rental operator license issued pursuant to this Chapter 6.600.

B. Limit on the number of dwelling units provided by the short-term rental operator.

1. Except as provided in subsection 23.600.070.B.2, a short-term rental operator may be issued a license to provide a maximum of one dwelling unit, or portion thereof, for short term rental use, or a maximum of two dwelling units, if one of the units is the operator's primary residence. If the short-term rental operator's primary residence is located on a lot that includes a principal dwelling unit and an accessory dwelling unit, both units shall be considered the operator's primary residence.

1 2. A short-term rental operator who operates short-term rentals in the
2 Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban Center, as
3 established in the Seattle Comprehensive Plan, may be issued a license to provide short-term
4 rental use in: (1) the operator's primary residence, or portion thereof; (2) any dwelling units
5 located in the Downtown Urban Center, Uptown Urban Center, or the South Lake Union Urban
6 Center that the short-term rental operator provided as a short-term rental prior to the effective
7 date of the ordinance introduced as Council Bill [REDACTED], and (3) no more than one additional
8 dwelling unit, or portion thereof, located outside of the Downtown Urban Center, Uptown Urban
9 Center, or the South Lake Union Urban Center. If the license applicant wishes to continue
10 operating a short-term rental in a location described in subsection 6.600.070.B:2(2), the applicant
11 must provide the Director with the following evidence of the prior short-term rental use:

12 a. A business license tax certificate issued by the Department of
13 Finance and Administrative Services for the short-term rental use, in effect on the effective date
14 of the ordinance introduced as Council Bill [REDACTED]; and

15 b. Records demonstrating collection and remittance of all applicable
16 local, state and federal taxes within the 12-month period prior to the effective date of the
17 ordinance introduced as Council Bill [REDACTED]; and

18 c. A registry identifying the dates the dwelling unit was used as
19 short-term rental within the 12-month period prior to the effective date of the ordinance
20 introduced as Council Bill [REDACTED].

21 C. Post the short-term rental operator license number issued for the dwelling unit on
22 every listing advertising or soliciting the dwelling unit, or portion thereof, for use as a short-term
23 rental.

1 D. Comply with all standards provided in Section 23.42.060.

2 E. Provide local contact information to all short-term rental guests during a guest's
3 stay. The local contact must be available to respond to inquiries at the short-term rental during
4 the length of the stay.

5 F. Comply with the requirements of the Housing and Building Maintenance Code in
6 subsection 22.214.050.M and the Rental Registration and Inspection program, unless exempted
7 from registration pursuant to subsection 22.214.030.A.1.

8 G. Comply with RCW 19.27.530 by ensuring that all dwelling units have working
9 smoke detectors and carbon monoxide alarm(s) in every bedroom and on all habitable floors and
10 a properly maintained and charged fire extinguisher.

11 H. Post the following information in a conspicuous place within each dwelling unit
12 used as a short-term rental:

- 13 1. Emergency contact information;
- 14 2. Contact information for the short-term rental operator or the designated
15 local contact;
- 16 3. Street address;
- 17 4. Floor plan indicating fire exits and escape routes;
- 18 5. Information about how a guest can contact The City of Seattle's Customer
19 Service Bureau to report any concerns or complaints; and
- 20 6. Maximum occupancy limits.

21 I. Upon request by the Director, provide documentation and a signed declaration of
22 compliance attesting to compliance with subsections 6.600.070.A through 6.600.070.H.

J. Maintain liability insurance appropriate to cover the short-term rental use in the aggregate of not less than \$1,000,000 or conduct each short-term rental transaction through a short-term rental platform that provides equal or greater coverage.

K. Remit all applicable local, state and federal taxes unless the short-term rental platform does this on the short-term rental operator's behalf.

6.600.080 License fees

A. Short-term rental platform license fees. The fee for a short-term rental platform license issued pursuant to this Chapter 6.600 shall be a quarterly fee based on the total number of nights booked for short-term rental use through the short-term rental platform. Short-term rental platforms shall pay \$[2 to \$7] per night booked. The per night fees shall be calculated and paid on a quarterly basis. If a short-term rental platform fails to provide complete information as required by subsection 6.600.060.C, the quarterly per night license fee may be estimated by the Director.

B. Short-term rental operator license fees. The fee for a short-term rental operator license issued pursuant to this Chapter 6.600 shall be [\$50 - \$100] per dwelling unit annually, paid at the time the application is submitted to the City.

C. The Director may adjust any of the fees in subsections 6.600.080.A and 6.600.080.B in the Director's Rules following consideration of the following factors:

1. The projected costs and annual budget allotted for administrative, enforcement and regulatory costs across the short-term rental industry;
2. The need for increased enforcement to reduce illegal activity;
3. The total number of nights booked in Seattle city limits across the short-term rental industry; and

1 4. The administrative burden of issuing additional short-term rental platform
2 or operator licenses.

3 D. The purpose of any adjustment is to ensure the fees cover the Director's
4 administrative, enforcement and other regulatory costs.

5 E. License fees are non-refundable and non-transferrable.

6 **6.600.090 Enforcement and rulemaking**

7 The Director of Finance and Administrative Services is authorized to enforce this Chapter 6.600
8 and to promulgate and adopt rules pursuant to Chapter 3.02 to implement the provisions of this
9 Chapter 6.600.

10 **6.600.100 Short-term rental platform – Violations and enforcement**

11 A. Violations. It is a violation of this Chapter 6.600 for any person or short-term
12 rental platform to:

- 13 1. Operate a short-term rental platform in Seattle city limits without
14 possessing a valid short-term rental platform license issued pursuant to this Chapter 6.600.
- 15 2. Provide booking services to short-term rental operators who do not
16 possess a valid short-term rental operator licenses issued pursuant to this Chapter 6.600.
- 17 3. Misrepresent any material fact in an application for a short-term rental
18 platform license or other information submitted to the Director pursuant to this Chapter 6.600.
- 19 4. Fail to comply with any requirements of Chapter 6.600 applicable to short-
20 term rental platforms.

21 B. Enforcement

- 22 1. Investigation and notice of violation

1 a. The Director is authorized to investigate any person or short-term
2 rental platform the Director reasonably believes does not comply with the provisions of Chapter
3 6.600 applicable to short-term rental platforms.

4 b. If, after investigation, the Director determines that any provisions
5 of provisions of Chapter 6.600 applicable to short-term rental platforms have been violated, the
6 Director may issue a notice of violation to the short-term rental platform or other person
7 responsible for the violation.

8 c. The notice of violation shall state the provisions violated,
9 necessary corrective action, and a compliance due date.

10 d. The notice of violation shall be served upon the short-term rental
11 platform, agent, or other responsible person by personal service or regular first class mail
12 addressed to the last known address for the short-term rental platform or responsible person.

13 e. Nothing in this Section 6.600.100 limits or precludes any action or
14 proceeding to enforce this code, and nothing obligates or requires the Director to issue a notice
15 of violation prior to the imposition of civil or criminal penalties.

16 f. Unless a request for review before the Director is made in
17 accordance with subsection 6.600.100.B.2, the notice of violation shall become the final order of
18 the Director.

19 2. Review by the Director

20 a. Any person aggrieved by a notice of violation issued by the
21 Director pursuant to subsection 6.600.100.B.1 may obtain a review of the notice by requesting
22 such review in writing within ten days of the date of the notice. When the last day of the period
23 so computed is a Saturday, Sunday or federal or City holiday, the period shall run until 5 p.m. on

1 the next business day. Within 15 days of the request for review, the aggrieved person may submit
2 additional information in the form of written material to the Director for consideration as part of
3 the review.

4 b. The review will be made by a representative of the Director who is
5 familiar with the case and the applicable ordinances. The Director's representative will review all
6 additional information received by the deadline for submission of information. The reviewer may
7 also request clarification of information received. After review of the additional information, the
8 Director may:

- 9 1. Sustain the notice of violation;
10 2. Withdraw the notice of violation;
11 3. Continue the review to a date certain for receipt of
12 additional information; or
13 4. Modify the notice of violation, which may include an
14 extension of the compliance date.

15 c. The Director shall issue an Order of the Director containing the
16 decision and shall cause the same to be mailed by first class mail to the person or persons
17 requesting the review and the persons named on the notice of violation.

18 d. Extension of compliance date. The Director may grant an
19 extension of time for compliance with any notice or order, whether pending or final, upon the
20 Director's finding that substantial progress toward compliance has been made and that the public
21 will not be adversely affected by the extension. An extension of time may be revoked by the
22 Director if it is shown the conditions at the time the extension was granted have changed, the
23 Director determines a party is not performing corrective actions as agreed, or if the extension

creates an adverse effect on the public. The date of revocation shall then be considered the compliance date.

4. Penalties

a. In addition to any other sanction or remedial procedure that may be available, any person violating or failing to comply with any of the provisions of Chapter 6.600 applicable to short-term rental platforms shall be subject to the following cumulative penalties for each violation for each listing from the date the violation occurs until compliance is achieved:

- 1) \$500 per day for each violation for the first ten days, and
- 2) \$1,000 per day for each violation for each day beyond ten days of non-compliance until compliance is achieved.

b. In cases where the Director has issued a notice of violation or order of the Director, the violation will be deemed to begin, for purposes of determining the number of days in violation, on the date that compliance is required on the notice of violation or order of the Director.

5. Civil actions. Civil actions to enforce subsection 6.600.040.A, Section 6.600.060, or subsection 6.600.100.A shall be brought in the Seattle Municipal Court, except as otherwise required by law or court rule. In any civil action for a penalty, the City has the burden of proving by a preponderance of the evidence that a violation exists or existed; the issuance of a notice of violation or an order following a review by the Director is not itself evidence that a violation exists.

6. Appeals to Superior Court. Final decisions of the Seattle Municipal Court on enforcement actions authorized by subsection 6.600.100.A may be appealed pursuant to the Rules for Appeal of Courts of Limited Jurisdiction.

6.600.110 Short-term rental operator -- Violations and enforcement

A. Violations. It is a violation of this Chapter 6.600 for any person to:

1. Provide a dwelling unit, or portion thereof, for short-term rental use without possessing a valid short-term rental operator's license for that dwelling unit, or portion thereof, issued pursuant to this Chapter 6.600.
2. Misrepresent any material fact in any short-term rental operator license application or other information submitted to the Director pursuant to this Chapter 6.600.
3. Fail to comply with any requirements of Chapter 6.600 applicable to short-term rental operators.

B. Enforcement. If after investigation the Director determines that any of the provisions of Chapter 6.600 applicable to short-term rental operators have been violated, the Director may issue a civil citation to the short-term rental operator or other person responsible for the violation.

1. The civil citation shall include the following information: (1) the name and address of the person to whom the citation is issued; (2) the address of the dwelling unit involving the violation; (3) a separate statement of each provision violated; (4) the date of the violation; (5) a statement that the person cited must respond to the civil citation within 15 days after service; (6) a space for entry of the applicable penalty; (7) a statement that a response must be sent to the Hearing Examiner and received not later than 5 p.m. on the day the response is due; (8) contact information for the Hearing Examiner where the citation is to be filed; (9) a statement that the citation represents a determination that a violation has been committed by the person named in the citation and that the determination shall be final unless contested as

provided in this chapter; and (10) a certified statement of the Director's representative issuing the citation, authorized by RCW 9A.72.085, setting forth facts supporting issuance of the citation.

2. Service. The citation shall be served by first class mail, addressed to the short-term rental operator or other person responsible for the violation. Service shall be complete three days after the mailing. If a citation sent by first class mail is returned as undeliverable, service may be made by posting the citation at a conspicuous place on The property where the violation occurred and service shall be complete on the date of posting. The citation may also be served in person.

3. Response to citations

a. A person cited must respond to a citation in one of the following ways:

1) Paying the amount of the monetary penalty specified in the citation, in which case the record shall show a finding that the person cited committed the violation; or

2) Requesting in writing a mitigation hearing to explain the circumstances surrounding the commission of the violation and providing an address to which notice of such hearing may be sent; or

3) Requesting in writing a contested hearing specifying the reason why the cited violation did not occur or why the person cited is not responsible for the violation, and providing an address to which notice of such hearing may be sent.

b. A response to a citation must be received by the Office of the Hearing Examiner no later than 15 days after the date the citation is served. When the last day of

1 the appeal period so computed is a Saturday, Sunday, or federal or City holiday, the period shall
2 run until 5 p.m. on the next business day.

3 c. Failure to respond. If a person fails to respond to a citation within
4 15 days of service, an order shall be entered by the Hearing Examiner finding that the person
5 cited committed the violation stated in the citation, and assessing the penalty specified in the
6 citation.

7 4. Hearings

8 a. Mitigation hearings

9 1) Date and notice. If a mitigation hearing is requested, the
10 mitigation hearing shall be held within 30 days after written response to the citation requesting
11 such hearing is received by the Hearing Examiner. Notice of the time, place, and date of the
12 hearing shall be sent to the address specified in the request for hearing not less than ten days
13 prior to the date of the hearing.

14 2) Procedure at hearing. The Hearing Examiner shall hold an
15 informal hearing that shall not be governed by the Rules of Evidence. The person cited may
16 present witnesses, but witnesses may not be compelled to attend. A representative from the
17 Department of Finance and Administrative Services may also be present and may present
18 additional information, but attendance by a representative from the Department of Finance and
19 Administrative Services is not required.

20 3) Disposition. The Hearing Examiner shall determine
21 whether the cited person's explanation justifies reduction of the monetary penalty; however, the
22 monetary penalty may not be reduced unless the Department of Finance and Administrative
23 Services affirms or certifies that the violation has been corrected prior to the mitigation hearing.

1 Factors that may be considered in whether to reduce the penalty include whether the violation
2 was caused by the act, neglect, or abuse of another; or whether correction of the violation was
3 commenced prior to the issuance of the citation but that full compliance was prevented by a
4 condition or circumstance beyond the control of the person cited.

5 4) Entry of order. After hearing the explanation of the person
6 cited and any other information presented at the hearing, the Hearing Examiner shall enter an
7 order finding that the person cited committed the violation and assessing a monetary penalty in
8 an amount determined pursuant to subsection 6.600.110.B.5. The Hearing Examiner's decision is
9 the final decision of the City on the matter.

10 b. Contested hearings

11 1) Date and notice. If a person requests a contested hearing,
12 the hearing shall be held within 60 days after the written response to the citation requesting such
13 hearing is received.

14 2) Hearing. Contested hearings shall be conducted pursuant to
15 the procedures for hearing contested cases contained in Section 3.02.090 and the rules adopted
16 by the Hearing Examiner for hearing contested cases, except as modified by this Section
17 6.600.110. The issues heard at the hearing shall be limited to those that are raised in writing in
18 the response to the citation and that are within the jurisdiction of the Hearing Examiner. The
19 Hearing Examiner may issue subpoenas for the attendance of witnesses and the production of
20 documents.

21 3) Sufficiency. No citation shall be deemed insufficient for
22 failure to contain a detailed statement of the facts constituting the specific violation which the

1 person cited is alleged to have committed or by reason of defects or imperfections, provided such
2 lack of detail, or defects or imperfections do not prejudice substantial rights of the person cited.

3 4) Amendment of citation. A citation may be amended prior to
4 the conclusion of the hearing to conform to the evidence presented if substantial rights of the
5 person cited are not thereby prejudiced.

6 5) Evidence at hearing. The certified statement or declaration
7 authorized by RCW 9A.72.085 shall be prima facie evidence that a violation occurred and that
8 the person cited is responsible. The certified statement or declaration authorized under RCW
9 9A.72.085 and any other evidence accompanying the report shall be admissible without further
10 evidentiary foundation. Any certifications or declarations authorized under RCW 9A.72.085
11 shall also be admissible without further evidentiary foundation. The person cited may rebut the
12 Department of Finance and Administrative Services' evidence and establish that the cited
13 violation(s) did not occur or that the person contesting the citation is not responsible for the
14 violation.

15 6) Disposition. If the citation is sustained at the hearing, the
16 Hearing Examiner shall enter an order finding that the person cited committed the violation and
17 impose the applicable penalty pursuant to subsection 6.600.110.B.5. The Hearing Examiner may
18 reduce the monetary penalty in accordance with the mitigation provisions in subsection
19 6.600.100.B.4.a.3. If the Hearing Examiner determines that the violation did not occur, the
20 Hearing Examiner shall enter an order dismissing the citation.

21 7) Final decision. The Hearing Examiner's decision is the final
22 decision of the City.

1 c. Failure to appear for hearing. Failure to appear for a requested
2 hearing will result in an order being entered finding that the person cited committed the violation
3 stated in the citation and assessing the penalty specified in the citation. For good cause shown
4 and upon terms the Hearing Examiner deems just, the Hearing Examiner may set aside an order
5 entered upon a failure to appear and schedule a new contested hearing date.

6 5. Citation penalties

7 a. Violation warning. The Director may, in an exercise of discretion,
8 issue a warning to the person responsible for the violation if that person has not been previously
9 warned or cited for violating this Chapter 6.600.

10 b. First violation. The first time a person is found to have violated
11 one of the provisions referenced in subsection 6.600.040.B, Section 6.600.070, or subsection
12 6.600.110.A, the person shall be subject to a penalty of \$150.

13 c. Second and subsequent violations. Any second or subsequent time
14 a person is found to have violated one of the provisions referenced in subsection 6.600.040.B,
15 Section 6.600.070, or subsection 6.600.110.A, the person shall be subject to a penalty of \$500 for
16 each subsequent violation.

17 d. Collection of penalties. If the person cited fails to pay a penalty
18 imposed pursuant to this subsection 6.600.110.B, the penalty may be referred to a collection
19 agency. The cost to the City for the collection services will be assessed as costs, at the rate
20 agreed to between the City and the collection agency, and added to the penalty. Alternatively,
21 the City may pursue collection in any other manner allowed by law.

22 e. Each day a separate violation. Each day a person violates or fails to
23 comply with one of the provisions referenced in subsection 6.600.040.B, Section 6.600.070, or

1 subsection 6.600.110.A may be considered a separate violation for which a civil citation may be
2 issued.

3 **6.600.120 Alternative criminal penalty**

4 Any person who violates or fails to comply with any of the provisions in this Chapter 6.600 and
5 who has had at least two or more citations, or two or more notices of violation issued against
6 them for violating this Chapter 6.600, within the past three years from the date the criminal
7 charge is filed shall be guilty of a misdemeanor subject to the provisions of Chapters 12A.02
8 and 12A.04, except that absolute liability shall be imposed for such a violation or failure to
9 comply and none of the mental states described in Section 12A.04.030 need be proved. The
10 Director may request the City Attorney prosecute such violations criminally as an alternative to
11 the citation and notice of violation procedures outlined in this Chapter 6.600.

12 **6.600.130 Additional relief**

13 The Director may seek legal or equitable relief to enjoin any acts or practices when necessary to
14 achieve compliance.

15 **6.600.140 Denial, revocation, or refusal to renew license**

16 A. The Director may revoke the license of any short-term rental platform for
17 violating or failing to comply with any applicable provision of this Chapter 6.600 or for any
18 reason set forth in Section 6.208.020.

19 B. The Director may revoke the license of any short-term rental operator for
20 violating or failing to comply with any applicable provision of this Chapter 6.600 or for any
21 reason set forth in Section 6.208.020.

1 C. The Director shall deny any renewal application if grounds exist for the Director
2 to deny a license pursuant to Section 6.202.230. No license may be renewed unless all
3 outstanding penalties assessed against the licensee are paid in full to the Department.

4 Section 2. The provisions of this ordinance are declared to be separate and severable.
5 The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this
6 ordinance, or the invalidity of its application to any person or circumstance, does not affect the
7 validity of the remainder of this ordinance, or the validity of its application to other persons or
8 circumstances.

Section 3. This ordinance shall take effect on January 1, 2018.

Passed by the City Council the _____ day of _____, 2017,
and signed by me in open session in authentication of its passage this _____ day of
_____, 2017.

President _____ of the City Council

Approved by me this _____ day of _____, 2017.

Edward B. Murray, Mayor

Filed by me this _____ day of _____, 2017.

Monica Martinez Simmons, City Clerk

(Seal)

Exhibit D



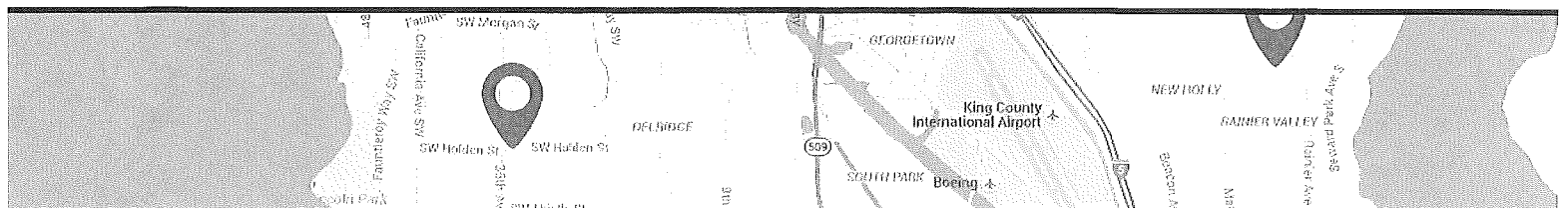
REGULATING SHORT TERM RENTALS **POLICY BRIEF**

OFFICE OF COUNCILMEMBER TIM BURGESS

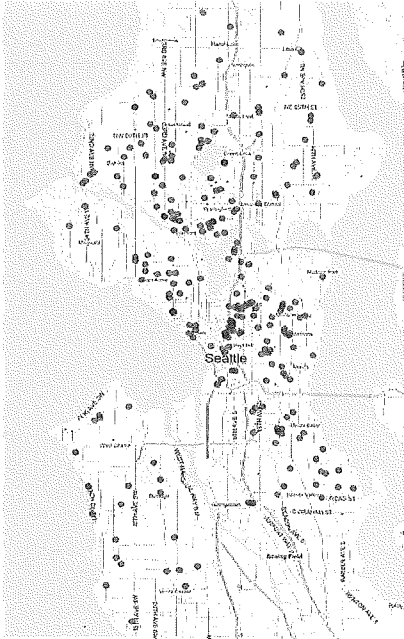
 **SEATTLE CITY COUNCIL**

Please Direct Questions to Seferiana Day / Office of Councilmember Tim Burgess
seferiana.day@seattle.gov / 206-684-8806 / 600 4th Ave . 2nd Floor . Seattle, WA 98104

UPDATED APRIL 2017



Introduction



Estimated Airbnb rental reviews in Seattle in July 2013 (top) and July 2015 (bottom).
Data from insideairbnb.com

For many years, short term home rentals have been a popular lodging choice for travelers in Europe and certain high volume tourist destinations in the United States. With the advent of technology-based online platforms that facilitate the marketing and booking of short term rentals, this market has rapidly expanded across the globe.

One need only look at the rise of two of the major companies in the short term rental industry to view the incredibly fast pace of growth. Airbnb received its first \$20,000 seed grant in 2009.¹ In December 2015, less than seven years later, the company confirmed a round of \$1.5 billion in venture capital funding, bringing its total valuation up to \$25.5 billion.² Its website now touts more than 2 million listings available in 34,000 cities across 191 countries.³

HomeAway, another vacation rental company that includes the website VRBO.com (Vacation Rentals by Owner), launched in 2006 and also grew rapidly; the company's website states its annual revenue increased 28.9% in 2014 over the prior year.⁴ Previously a publicly traded company on the NASDAQ exchange, Homeaway was acquired by Expedia in late 2015 for \$3.9 billion, a price nearly 20% higher than its market value at that point.⁵ It currently offers more than 1 million listings in 190 countries.⁶

No evidence suggests that the growth of this industry in Seattle is any different. While Seattle-specific data has not been made publicly available by major players in the short term rental marketplace, external websites scrub Airbnb listings data and aggregate the information for market analysis. These websites show recent rapid growth in the number of listings.⁷ Airbnb states on its website, "The number of guests using Airbnb has grown steadily since 2009, with visitation more than doubling every year."

"My landlord is a nice guy, he has kept the rent relatively reasonable for me and my partner, but he's recently informed us we will need to leave in a few months because he wants to rent out the property on Airbnb."

-K., Seattle resident

Benefits and Challenges of Short Term Rentals

Short term rentals bring numerous benefits to those who operate them, their visitors, and the surrounding neighborhood. Many individuals use short term rentals as a way to help afford their own home, either renting out a basement, a spare room, or the entire home when they are out of town themselves. **In a housing market that presents affordability challenges, there is no doubt short term rentals alleviate the housing burden for the many families that operate them.**

For visitors, short term rentals often offer a more affordable option. Short term rentals bring tourists, wedding parties, visiting family members and their collective spending power to neighborhoods across Seattle. Airbnb recently estimated the economic impact of its visitors in Seattle was \$178 million from August 2014 to July 2015, supporting 1,700 jobs.⁸

At the same time, the more commercial use of short term rental platforms has taken entire houses, condos and apartments off of the long term housing market. One external website estimates that roughly one-third of Airbnb's listings in Seattle are from hosts with multiple listings. These could be multiple rooms in a house or completely separate units; hosts with multiple listings are more likely to be commercial operators not renting portions of their own primary residence.⁹ A recent report published by CBRE Hotels' American Research found that 79 percent of Airbnb's revenue in Seattle comes from entire home listings and the revenue generated by hosts with multiple entire-home listings increased by 183 percent between 2015 and 2016.¹⁰ **Commercial enterprises utilizing online rental platforms to market multiple units in multiple locations further exacerbate the housing crisis facing Seattle.**

Without regulation, this practice could continue to rapidly expand. As a



Any strategy the City can pursue to put more units into the long term market is worth examination.

recent Harvard Law and Policy Review article explains, "So long as a property owner or leaseholder can rent out a room on Airbnb for cheaper than the price of a hotel room, while earning a substantial premium over the residential market or rent-controlled rent, there is an overpowering incentive to list each unit in a building on Airbnb... In tight housing markets with near-zero vacancy rates, a sudden reduction in supply naturally increases rents, particularly because neither the market nor the public sector can swiftly add to the housing stock." ¹¹

The extent of Seattle's housing crisis is well known. Lower income renters are being pushed further from the center city as prices rise; home buyers face an extreme lack of options and strong competition for every purchase offer.

In 2015, Mayor Murray's Housing Affordability and Livability Agenda (HALA) taskforce put forward recommendations to achieve his goal of 50,000 new units of housing over the next 10 years, with 20,000 of these units designated as affordable. Short term rentals are not the leading cause of the severe shortage of housing (at all levels of affordability), but they have exacerbated an existing crisis. Any strategy the City can pursue to put more units into the long term market is worth examination.

One of the recommendations from the HALA taskforce focused on short term rentals. Specifically, the taskforce recommended that the City pursue collecting taxes on this activity and dedicating those tax dollars to affordable housing. Currently, the City lacks the taxing authority to implement this recommendation. The sales tax is collected by the State and the hotel-motel tax in Washington is revenue carved out from the State's portion of the sales tax and remitted to local jurisdictions; state law dictates how this revenue can be spent. Facing this lack of options for new taxing authority, we have focused on regulatory actions that would align with the HALA goal of putting more units into the long term market.

"The only unit I have rented through a short term rental service, Airbnb, has been my primary residence, a single family home located in an SF 5000 zone. I utilize the service for times when I will be on vacation, and my rental days have never exceeded thirty days per year."

- G., landlord and AirBnB host

While secondary to the housing concern, short term rentals also pose challenges to a fair economic playing field in the vacation market as it is unclear how many operators apply for the necessary business license and pay all applicable taxes. Further, many neighbors of units that have been converted to short term rentals raise legitimate questions about neighborhood livability.

Regulatory Systems in Other Cities

A review of the regulatory approach taken by other jurisdictions reveals a wide range of regulatory responses. On one end of the spectrum, some jurisdictions have focused exclusively on collecting the appropriate taxes that apply to short term rental transactions. On the other end, cities ranging from **New York City** to **Santa Monica** have enforced much stricter regulations; in New York City, apartments cannot be rented out for less than 30 days. Per a new law in Santa Monica, short term rental operators will have to live on the property during any short term rental stay.

Other cities have attempted to find a middle ground. **Philadelphia** allows for short term rentals up to 90 cumulative days a year without a permit, requires a permit and owner occupancy of the unit for rentals from 90-180 cumulative days a year, and prohibits short term rentals for more than 180 cumulative days a year. **San Jose** allows short term rentals of up to 180 days a year without a host present and year-round with a host present. Both cities were cited by Airbnb's Public Policy Team as positive examples for Seattle to explore.



Taxation and Regulatory Context in Seattle

Short term rental transactions currently operate outside of a solid regulatory framework in Seattle. Any person providing lodging services is required to collect and remit retail sales tax, meaning that anyone who offers their home or a portion of their home for short term rental should be paying this tax. Airbnb recently announced an agreement with the Washington State Department of Revenue to pay sales tax on behalf of its hosts, but it is unclear how many other owners pay the retail sales tax (9.6% in Seattle) on their units if they are not offering the units through Airbnb's website.

"Last year a [neighboring townhouse] unit was sold.... One neighbor found that the owner is now renting out all three bedrooms in the house and apparently runs it as an AirBnB.... When I mentioned this to a couple of friends living in other parts of the city two of them said they were aware of similar situations in their areas."

-E., concerned neighbor

The Convention and Trade Center tax (15.6% when combined with sales tax) only applies to lodging businesses with 60 or more units. The sales tax is the only applicable tax to a short term rental transaction, because the basic hotel/motel tax in Washington State is collected as part of the state's portion of the sales tax and then remitted to local jurisdictions.

The vast majority of short term rental operators do not have business licenses, which are currently required. While most if not all short term rental operators would fall under the Business and Occupation Tax minimum threshold of \$100,000 in gross revenue, they are still required to get a license and report their revenue.

With the exception of Bed and Breakfasts, commercial lodging (hotels and motels) are not allowed in residential zones. In single family zones, bed and breakfasts are allowed with conditions

outlined in Seattle Municipal Code 23.44.051. They must have a business license, adhere to dispersion requirements, establish quiet hours, must be operated by the principal owner and the owner must live on site, must notify neighbors, have limited signage, and meet parking requirements. In multifamily zones, bed and breakfasts have similar but slightly less restrictive requirements (SMC 23.45.545G).

Regulatory Role for Government

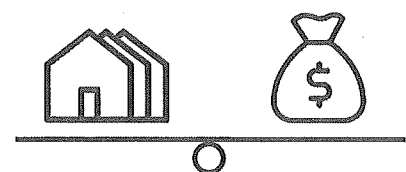
While some elements of the current short term rental market are novel, including the technology and the flexibility it offers, many aspects of this market are simply business operations. The City has always played a regulatory role when it comes to business and determining what level of operations is appropriate in residential areas.

Any City government regulations should support one of these three goals:

- 1 Balance the economic opportunity created by short term rentals with the need to maintain supply of long-term rental housing stock available at a range of prices.
- 2 Ensure a level playing field for individuals and companies in the short term rental market.
- 3 Protect the rights and safety of owners, guests and neighbors of these units.

As explained in the Benefits and Challenges section, the first goal is the most pressing for Seattle City government. The primary elements of the regulatory scheme proposed below were built to address this issue. At the same time, the proposed regulations also either directly or indirectly support the second and third goals.

Primary goal
Providing economic opportunity while maintaining rental housing stock



Proposed Regulations for Seattle Short Term Rental Operators

With any regulation, one must start by defining the activity being regulated. In this case, we are defining short term rentals as any stays of 29 nights or fewer in duration. Stays longer than 29 nights in duration would not be subject to this proposal or be part of any cumulative short term rental stay calculations. We believe any stays of 30 nights or more fill a need in our housing market for households in transition. One benefit of the technology that facilitates the marketing and booking of short term rentals is that it expanded this niche in the housing market.

Requirements

Primary Residence

Short term rental operator resides on-site

Business License

Existing Requirement

Short Term Rental Operator's License

New Requirement

Not Primary Residence

Short term rental operator resides off-site

Business License

Existing Requirement

Short Term Rental Operator's License

New Requirement

Limited to 1 dwelling unit in addition to the operator's primary residence located in the City of Seattle
New Requirement

The basic proposed framework for short term rentals in Seattle would look like this:

You will be :

1. limited to renting your primary residence (including an in-law unit or backyard cottage associated with your primary residence) and a maximum of one additional dwelling unit and
2. required to register with the City and get a new Short Term Rental Operator license as well as a business license, an existing requirement. You will also be subject to a few more standards, including providing:
 - proof that the unit is your primary residence,
 - the license number on any short term rental listing,
 - a local contact number for guests, and
 - a signed declaration that the unit is up to code

This proposed limit on the number of units is designed to meet the goal of maintaining our long term housing supply.

This requirement will impact those who use these platforms commercially, not homeowners trying to make a little extra income on the side. The proposal would allow an exception to the proposed limits for operators of existing short-term rentals located in the Downtown, South Lake Union, and Uptown Urban Centers (areas where many of the City's lodging uses are located) while not allowing this commercial activity to expand.

We also propose leveling the regulatory playing field for traditional bed and breakfasts, which still operate under regulations from the pre-online short term rental era. By lessening some the regulatory burden they currently face, the City can bring traditional bed and breakfasts in line with the new regulations for short term rentals.



The affected operators will be those who use these platforms commercially, not homeowners trying to make a little extra income on the side.

A Summary of New Regulations Facing Operators

Regulations / requirements	Operator's primary residence	Operator resides off-site	Applicable policy goal
Title 5 Business License (existing requirement)	x	x	1 2
Pay all applicable taxes (existing requirement)	x	x	1 2
Prohibit evidence of STR use from exterior for except for signs as permitted by the sign code	x	x	3
Limit # of units to the primary residence and one additional dwelling unit		x	1
Provide proof that the dwelling unit offered for short term rental is their primary residence	x	NA	1
Provide a local contact to all guests	x	x	3
Require operators declare that the unit meets the requirements of the Housing and Building Maintenance Code	x	x	3
Require posting of basic safety information for guests within rental units	x	x	3

Proposed Regulations for Seattle Short Term Rental Platforms

After surveying practices in other jurisdictions, it became clear that receiving data from the online platform companies is vital to an effective enforcement structure. In order to facilitate the enforcement, the City will need to collect basic information from the Short Term Rental Platforms like VRBO or Airbnb. To do so, these companies will need to register for a new regulatory license with the City.

"I am a residential cleaner and have cleaned for several Airbnb renters and have thought for a very long time that this was severely adding to the housing problem in our city. I find it unfair how people could sit on empty apartments and rent them out for income while my friends, who are willing to pay a monthly rent, can't find an affordable apartment in the city."

-S., residential cleaner

The only requirements for the license will be

- a) to provide information about Seattle's regulations to operators using the platform
- b) to share basic data with the City on a quarterly basis, including the total number of short term rentals listed on the platform and the total number of nights each listing was rented through the short term rental platform and
- c) provide booking services only with operators who have been issued a short-term rental operator's license.



After these regulations are translated into legislation, they will be vetted through the full public process of the City Council, where input is eagerly accepted and further revisions robustly debated.

¹¹ http://harvardlpr.com/wp-content/uploads/2016/02/10.1_10_Lee.pdf

Exhibit E

**CITY OF SEATTLE
ANALYSIS AND DECISION OF THE DIRECTOR
OF THE SEATTLE DEPARTMENT OF CONSTRUCTION AND INSPECTIONS**

Project Proposal: The adoption of two companion ordinances to define and add land use and licensing standards related to short-term rentals, modify the definition and land use standards for bed and breakfast uses, and update and clarify related provisions.

Project Sponsor: City of Seattle Department of Construction and Inspections

Location of Proposal: The proposal is a non-project action, applicable to a variety of zones throughout the City.

SUMMARY OF PROPOSED ACTION

The proposal is a non-project action, applicable City-wide, that would update the Land Use Code (Title 23) and Licensing Code (Title 6) to address short-term rentals as an emerging type of land use and business activity. The proposal is intended to help preserve the availability of long-term rental housing, protect the livability of residential neighborhoods, and allow the economic opportunity that short-term rentals offer residents of Seattle.

The following decision is required:

SEPA - Environmental Determination - Chapter 25.05, Seattle Municipal Code.

SEPA DETERMINATION ☐ Exempt ☒ DNS ☐ MDNS ☐ EIS

 ☐ DNS with conditions

 ☐ DNS involving non-exempt grading or demolition or
 involving another agency with jurisdiction.

BACKGROUND

Bed and breakfasts have been an allowed accessory use in residential zones for several decades. Sections 23.44.051 and 23.45.545 of the Seattle Municipal Code (SMC) include regulations for bed and breakfasts in single-family and multi-family zones.

In recent years, web-based businesses such as Airbnb have created a business model in which housing units or portions of units are offered for rent on a nightly or weekly basis. According to data obtained from Airbnb in January 2017, over 3,900 persons or entities ("hosts") in the City of Seattle rent all or part of a housing unit through Airbnb. Of the approximately 5,700 rental units

available for short-term rental, over 4,000 rentals are for entire homes or apartments and at least 1,000 are not the primary residence of the owner.

Because no specific regulations in the Land Use Code currently address this type of business, these rentals have been treated the same as any residential use, despite the commercial nature of the use. Additionally, the conversion of housing units from permanent rental housing to nightly and weekly rentals for visitors has increased concerns about the ensuing loss of housing for long term rentals in the midst of a housing crisis.

The proposed code changes would establish regulations to address this emerging type of land use, given that the current standards, such as for bed and breakfast uses, in the Land Use Code do not apply to many of these rentals. The proposal is intended to update the Land Use Code and Licensing Code (hereafter “Codes”) to address this emerging land use in a way that helps preserve the availability of long-term rentals and reduces any indirect negative effects on the availability of affordable housing, while allowing the economic opportunity that short-term rentals offers residents of Seattle. The proposal also aims to:

- more consistently regulate bed and breakfasts, short-term rentals, and other types of lodging activities;
- help protect the rights and safety of owners, guests, and neighbors of these short-term rental units;
- protect the livability of residential neighborhoods; and
- implement goals and policies in the Seattle Comprehensive Plan related to housing, land use, and economic development.

The proposed code changes create a new definition for “short-term rentals” as a type of lodging use, establish standards for the operation of short-term rentals in a new Chapter 6.600 SMC and a new Section 23.42.060 SMC, and allow short-term rentals in any residential dwelling unit, except in certain Shoreline zones or in a dwelling unit established as caretaker’s quarters. Short-term rentals would be subject to the development standards for dwelling units, in addition to the land use and licensing requirements for short-term rentals contained in the proposal. The proposal modifies the requirements for bed and breakfasts in single-family and multifamily zones in Sections 23.44.051 and 23.45.545 SMC.

Public Comment

Proposed changes to the Land Use Code require City Council approval. Public comment will be taken on the proposal during Council meetings and a public hearing.

Proposal Description

The proposal is a non-project legislative action proposing amendments to the Land Use Code and the License Code (hereafter “Codes”) to address short-term rentals as an emerging type of land use and business activity, for which there is not a definition or specific standards. There is no specific site or development proposal.

The proposed amendments would:

- Add a new Chapter 6.600, Short Term-Rentals, establishing standards related to the licensing and operation of short-term rentals as a type of business activity;
- Add a new Section 23.42.060, Short-term rentals, establishing standards related to short-term rentals as a type of land use;
- Establish a new definition for “short-term rental” as a type of lodging use (SMC 6.600.030 and SMC 23.84A.024);
- Establish new definitions for “short-term rental operator”, “short-term rental platform”, “primary residence”, and other related terms (SMC 6.600.030, SMC 23.84A.030, and SMC 23.84A.036);
- Generally allow short-term rentals in any dwelling unit and establish related standards for the use, including a limit on the number of dwelling units that an individual may operate as a short-term rental (SMC 6.600.070 and SMC 23.42.060);
- Allow exceptions to otherwise applicable numeric limits on short-term rental units per operator, for the continued operation of existing short-term rental units in specific areas within the Downtown, South Lake Union, and Uptown Urban Centers (SMC 6.600.070);
- Incorporate in the Land Use Code an existing requirement in SMC Title 6 that all short-term rental operators have a business license from the City (SMC 23.42.060);
- Require that all short-term rental uses have a short-term rental operator’s license from the City (SMC 6.600.040 and 23.42.060);
- Require that all short-term rental platforms have a short-term rental platform’s license from the City (SMC 6.600.040);
- Establish a process for the enforcement of licensing requirements (SMC 6.600.090 through 6.600.140);
- Allow existing “bed and breakfast” uses to continue but regulate new bed and breakfast uses as short-term rentals (SMC 23.44.051 and SMC 23.45.545);
- Clarify what types of lodging uses and rental activities are required to register with the Rental Registration and Inspection Ordinance (SMC 22.214.030); and
- Make various updates and clarifications in the Land Use Code.

ANALYSIS - SEPA

This proposal is adoption of legislation and is defined as a non-project action. The disclosure of the potential impacts from this proposal was made in an environmental checklist submitted by the proponent, dated March 21, 2017. The information in the checklist, a copy of the proposed code changes, and the experience of the lead agency with review of similar legislative actions form the basis for this analysis and decision.

This change to the Land Use Code (Title 23 SMC) and Licensing Code (Title 6 SMC) would adopt standards for short-term rental uses and modify the definition and standards for bed and breakfast uses. The proposed amendments may result in potential environmental impacts, which are identified and discussed below.

ELEMENTS OF THE ENVIRONMENT

Natural Environment

Earth, Air, Water, Plants and Animals, Energy, Natural Resources, Environmentally Sensitive Areas, Noise, Releases of Toxic or Hazardous Materials

The proposed ordinances are unlikely to result in significant adverse impacts to these elements of the environment: earth, water, air, plants/animals, fisheries, energy, natural resources, environmentally sensitive areas, noise, or releases of toxic/hazardous substances. The reasons for this conclusion are discussed below.

The eligible locations for the affected kinds of lodging uses would not be significantly altered by the proposal, and the proposal would not alter procedures or regulations related to natural environment protections. The City's Land Use Code currently allows bed and breakfasts (B&Bs) as an accessory use in zones where residential uses may occur, including single-family and multi-family zones. Existing B&Bs would be allowed to continue to operate under the proposal. The proposal creates a new category of lodging use, short-term rentals, which are currently not specifically regulated or otherwise addressed in the Land Use Code, and establishes requirements and limitations on the use that are not in place today. The proposed changes, given their particular content leading toward increased regulation and limitations on this type of use, are not expected to increase the pace or scale of future new residential development with short-term rental uses. When compared to the existing conditions that entail an absence of specific regulation, it is unlikely that the proposal would lead to increased expansion of residential structures and expansion of the frequency of such uses. Therefore, outcomes such as increases in land disturbance or land coverage that might generate adverse increased discharges to water or unstable conditions in the natural environment are not expected to occur. With respect to the proposal's changes as they relate to B&Bs, please see the discussion that discusses noise impacts below.

The proposed changes would result in no direct negative impacts, and are unlikely to result in indirect or cumulative adverse impacts related to energy or natural resources. The eligible locations for short-term rental uses would not be significantly altered by the proposal, and the proposal does not alter any procedures or regulations related to energy consumption or natural environment protections. While short-term rental uses would unavoidably consume energy to the extent they are occupied by lodgers, the same condition of energy consumption by occupied short-term rental uses already occurs today or is possible to occur, and thus future energy use patterns are not expected to be substantively different or adversely impacting as a result of this proposal. The proposed changes are thus not expected to alter the pace or scale of new residential development, nor generate adverse impacts related to inordinate energy consumption or depletion of natural resources.

Built Environment

Land & Shoreline Use

Relationship to Plans and Policies

Implementation of the proposal would allow for land uses and land use patterns that are compatible with the Comprehensive Plan. This includes, but is not limited to, goals and policies related to land use, housing, and economic development (see a list of relevant policies from the Comprehensive Plan in the response to Question #D.7 in the environmental checklist). The proposal includes land use regulations newly addressing the manner in which such lodging uses can be conducted within dwelling units, with an intent of maintaining overall compatible land use conditions in residential

areas. The proposal's relationship to, and consistency with, housing policies is slightly more indirect. The proposal includes limits on the operation of short-term rentals to help ensure that this growing industry does not significantly reduce the City's supply of sufficient, diverse, and affordable housing.

Land Use and Shoreline Use Impacts

The proposal would create a new category of lodging land use, known as short-term rentals, which is currently not specifically defined, regulated or otherwise addressed in the Codes, and would establish requirements and limitations on this use. The new land use, short-term rentals, would be allowed in any structure established as a dwelling unit, except as restricted by the existing provisions of the Shoreline Code, SMC 23.60A. In addition, short-term rentals would not be an allowed use in any dwelling unit established as caretaker's quarters. The short-term rental use could be accessory to the primary use as a residence, as is currently common practice, or could be the primary use of the structure in certain instances. New requirements would limit an individual to operating just their own residence and a restricted number of other units they own (such as one, two or three additional housing units) as a short-term rental. One policy intent for this is to constrain the future attraction for housing owners to convert housing units from long-term tenancies to short-term rentals, in a manner that might substantively affect the availability in the housing market of housing opportunities for long-term tenants and owners. Given the range of policies pertaining to housing in the Comprehensive Plan, such as those summarized in the checklist, it is important to avoid potential adverse impacts on both the availability of housing for individuals as well as the overall functionality of the citywide housing market.

The proposal would allow an exception to the proposed limits on short-term rental units for the operators of existing rentals located in Downtown, South Lake Union, and Uptown Urban Centers. This would allow operators to continue operating existing short-term rental units in multiple locations in those areas, without being restricted by the otherwise applicable limit of two dwelling units. This exception would allow for the continuation of land uses that are generally compatible and consistent with the dense, urban commercial nature and zoning of these areas, which serve as the office, residential, entertainment, and retail core of the city and as the center of the tourism and lodging industries. This suggests that continued operation of such rentals in locations where they occur today would not contribute to incompatible land use patterns or activity levels and so no significant adverse land use impacts are expected as a result of the exception.

This proposal would not affect rentals for periods of longer than 30 consecutive nights. Property owners renting out housing units for periods of longer than 30 nights, such as those that serve temporary/contract workers or visitors undergoing lengthy medical care, would be able to continue to do so. Therefore, no significant adverse housing-related operational impacts of the proposal on long-term rentals are likely.

The Shoreline Code allows lodging uses on upland portions of lots in the Urban Commercial, Urban Harborfront, and Urban Industrial shoreline designated areas, and therefore short-term rentals would be permitted uses on those portions of lots, under the proposal. However, short-term rentals would be prohibited in other shoreline designated areas regulated by the Shoreline Code. By addressing shoreline designated areas in this manner, no significant adverse land use impacts with respect to shoreline areas are likely.

Bed and breakfasts are currently allowed as an accessory use in single-family and multi-family zones, and existing B&Bs would continue to be allowed under the proposal. Any proposed new B&B operations would be considered short-term rentals under the proposal and regulated as such.

In terms of the proposal's potential for generating adverse effects on existing short-term rental lodging opportunities, it is not expected to dramatically reduce the availability of lodging on a nightly or weekly basis in the city. Based on information pulled from the online platform Airbnb in January 2017, around 80% of the units currently offered for nightly or weekly rentals through their website would be able to meet the requirements proposed for short-term rentals, and could be able to continue to operate at their current activity levels. To the extent that approximately 20% of the units currently offered might not comply with the proposal, it is reasonable to anticipate that some might be able to modify their business operations within one year of the adoption of the legislation to be in compliance, and that some other locations might need to cease operations. (Already established B&Bs would be able to continue without such modifications.)

The proposal is not expected to increase the pace or scale of future new residential development, or otherwise adversely affect the number of physical housing units present in the city. It is also not expected to increase eligibility for short-term rental uses or to result in significant differences in their geographic distribution across the city, given the continued eligibility for this use in zones where residential uses may occur in the city. These factors suggest there is little if any potential for the proposal to generate different or greater adverse land use impacts related to the potential growth or proliferation of these land uses in any given location. Rather, the proposal would provide increased regulation and constraints on this type of lodging activity, in comparison to the existing condition where such uses are permissible without particular controls because the Land Use Code and other codes are silent.

The discussion above contributes to a conclusion that the proposal would not generate significant adverse land use impacts because it would not be likely to cause land use incompatibilities. Rather, it would be setting new requirements that would help to avoid compatibility issues. One example of this is that certain arrangements of these uses, such as renting out parked recreational vehicles or other kinds of non-permanent housing structures, would be prohibited by the proposal. This would help to avoid situations that might otherwise generate nuisance compatibility complaints such as excessive noise or activity levels in locations outside of structures.

Regarding certain aspects, the proposal would continue to accommodate conditions that can already occur in the existing condition, given the Codes' silence on this kind of use (as distinguished from bed and breakfast uses). For example, the proposal accommodates the short-term rental use in accessory dwelling units that could include detached accessory dwelling units (DADUs). Given a lack of change between existing and future conditions in the possible land use and structure arrangements that could host short-term rentals, this aspect of the proposal would not result in new potential for adverse land use impacts regarding compatibility or height/bulk/scale matters.

In terms of the potential for differences in physical arrangements of structures and uses and their operation, the proposal has slightly different implications for bed and breakfast uses as compared

to short-term rental uses. These arise due to the proposed amendments to existing regulations that would allow existing B&Bs to continue their operations. The proposal's amendments to B&B provisions would allow for their operation in accessory dwelling units including DADUs, which in DADUs is not possible currently. This means existing B&Bs could potentially expand their operations through physical structure expansions or new detached structures. This expansion potential could add to overall structural height and bulk on a given B&B site, with an associated increase in potential for B&B lodging activity. This incremental change would represent a new land use impact of the proposal, one that is evaluated as "adverse" but not "significant adverse" in nature due to the relatively limited presence of such existing uses across the city, and a relatively low probability that B&B expansions would be frequent or sufficiently large or substantially disruptive in their operations.

The proposal also includes the deletion of a handful of operational provisions that currently ensure that existing B&B uses fit into their surrounding neighborhoods with low potential for generating disruptive impacts. The amended regulations would continue to apply to existing B&Bs, and so the deletion of limits in the worst case might generate the potential for differences in B&B operations and adverse impacts such as added noise. Examples of these removed limits include:

- Building owner no longer would need to be the primary resident (but the primary resident must still be the B&B operator);
- A two-employee limit on non-resident employees;
- Minimum dispersion of 600 feet between B&Bs (which would be a moot point if no new B&Bs could occur; rather, such operations would be categorized as short-term rentals);
- Certain provisions that require operating plans and building designs meant to minimize potential for operational noise, light, traffic, and similar disruptions.

Despite the potential for these changes in operational provisions to generate an adverse land use compatibility impact in terms of worst-case changes in noise generation and activity levels, this is not evaluated as a probable significant adverse land use impact due to the relatively limited presence of existing B&Bs across the city, availability of other enforcement mechanisms, and a low likelihood that these regulatory changes would lead to substantial changes in daily use practices at existing B&Bs. (Any future B&B-style uses would be operated as short-term rentals according to the proposal.) Existing B&Bs would remain subject to City noise limits and similar limitations on nuisance conditions, through typical code enforcement provisions, meaning that the realistic potential for significant spillover land use compatibility impacts is likely to be low.

This checklist does not identify any particular potential for cumulative adverse impacts, meaning there is little potential for these regulatory changes, in combination with other pending or recent land use legislation, to generate unforeseen kinds of significant adverse land use compatibility impacts.

Transportation

The proposed changes in this non-project proposal would result in no direct impacts and are unlikely to result in significant indirect or cumulative adverse impacts related to the transportation element of the environment.

The proposed changes, given their particular content and meaning leading toward increased regulation and limitations upon short-term rental uses, are not expected to increase the pace or scale of future new residential development with such uses. They are also not expected to increase eligibility for such uses or to result in significant differences in the geographic patterns or distributions of their presence across the city. These factors suggest there is little if any potential for generation of different or greater adverse transportation impacts or public service/utility impacts in any given location. This includes a conclusion of a low potential for adverse impacts on streets, transit, parking, and traffic operations in any given location across the city.

Based on information pulled from the online platform Airbnb in January 2017, around 80% of units currently offered for nightly or weekly rentals through their website would meet the criteria proposed for short-term rentals, and would be allowed to continue to operate at their current frequency. To the extent that this suggests a potential cessation of short-term rental uses for around 20% of current short-term rental offerings, it is possible that some of these uses might be re-used as long-term rentals, adapted in ways to become compliant with new regulations, occupied by owners, or left vacant. Given such a range of possible future outcomes, it is difficult to forecast whether the net result would be a shift upward or downward in total transportation trips or maintenance of a relatively similar pattern. However, the potential for significant adverse transportation impacts at such locations would appear to be minimal, given that residential patterns of use or some form of short-term rental use would continue to occur, or reduced traffic trips if such housing became vacant or more lightly used.

To the extent that 20% of units currently offered as short-term rentals might need to cease operations, competitive market forces might lead to additional offerings of lodging uses in more locations, and thus the specific patterns of locations where lodging activity occurs could shift over time, generating a speculative potential for altered transportation impact patterns. However, it would be difficult to know where such new short-term rental uses would occur across the city, given the wide range of zones in which such uses are possible. It would also be difficult to isolate differences in transportation effects if compared to other kinds of normal turnover or variation in the patterns of residential use and possible lodging activities and their related variability in transportation patterns. Therefore, the potential for identifiable significant adverse transportation impacts as a result of the proposal is concluded to be minimal.

Public Services and Utilities

Using a logic similar to that discussed above for Transportation impacts, no direct or cumulative adverse impacts on public services and utilities are identified. Also, projected outcomes of the proposal do not include an increased pace of development including short-term rental uses, and it appears unlikely that the proposal would generate geographic or operational-related differences that might translate to meaningful differences in the consumption of public services and utilities. Therefore, the potential for identifiable significant adverse public services and utilities impacts of the proposal is concluded to be minimal.

DECISION - SEPA

This decision was made after review by the responsible official on behalf of the lead agency of a completed environmental checklist, the proposed Code amendments, and other information on file

with the responsible department. This constitutes the Threshold Determination and form. The intent of this declaration is to satisfy the requirement of the State Environmental Policy Act (RCW 43.21.C), including the requirement to inform the public of agency decisions pursuant to SEPA.

☒ [X] Determination of Non-Significance. This proposal has been determined to not have a significant adverse impact upon the environment. An EIS is not required under RCW 43.21C.030(2)(c).

☐ [] Determination of Significance. This proposal has or may have a significant adverse impact upon the environment. An EIS is required under RCW 43.21C.030(2)(c).

RECOMMENDED CONDITIONS - SEPA

None.

Signature: On file Date: 4/24/17
Gordon Clowers, Senior Planning & Development Specialist
Department of Construction and Inspections